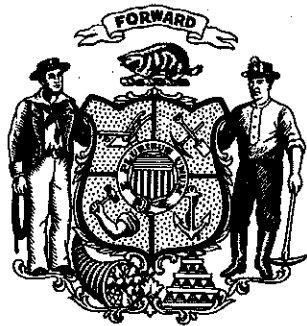


Summary of Budget Provisions

2007 Wisconsin Act 20



Legislative Fiscal Bureau
December, 2007

2007-09 Wisconsin State Budget

2007 Act 20

2007-09 WISCONSIN STATE BUDGET
Summary of Budget Provisions

**Legislative
Fiscal Bureau**

2007-09 WISCONSIN STATE BUDGET

Summary of Budget Provisions

2007 Wisconsin Act 20

LEGISLATIVE FISCAL BUREAU

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

LEGISLATIVE FISCAL BUREAU

Administrative/Clerical

Bob Lang, Director
Vicki Holten, Administrative Assistant
Becky Hannah
Lori Hanson
Sandy Swain

Education and Building Program

Dave Lopnow, Program Supervisor
Russ Kava
Layla Merrifield
Emily Pope
Al Runde

General Government and Justice

Jere Bauer, Program Supervisor
Chris Carmichael
Paul Onsager
Darin Renner
Art Zimmerman

Health and Family Services and Insurance

Charles Morgan, Program Supervisor
Rebecca Hotynski
Katie Maguire
Marlia Moore
Eric Peck

Natural Resources and Commerce

Daryl Hinz, Program Supervisor
Kendra Bonderud
Chris Pollek
Erin Rushmer
Ron Shanovich

Tax Policy and Workforce Development

Rob Reinhardt, Program Supervisor
Faith Russell
Ron Shanovich
Sandy Swain
Kim Swissdorf

Transportation and Property Tax Relief

Fred Ammerman, Program Supervisor
Jon Dyck
Rick Olin
Al Runde

INTRODUCTION

This document provides a summary of the 2007-09 state budget. The budget, introduced as 2007 Senate Bill 40, was enacted into law as 2007 Wisconsin Act 20 on October 26, 2007. This document describes each of the provisions of Act 20.

The document is organized into five basic sections, the first of which contains a Table of Contents, History of the 2007-09 Budget, Brief Chronology of the 2007-09 Budget, Key to Abbreviations, and User's Guide.

This is followed by an "overview" section which provides a series of summary tables and charts which display 2007-09 revenues, appropriations, and authorized position levels. Information is presented for all fund sources, the general fund, transportation fund, and the state's lottery program.

The next section contains budget and policy summaries for each state agency and program. The agencies appear in alphabetical order. For each agency, tables are presented which depict funding and authorized position levels. This is followed by a narrative description and fiscal effect, if any, of each budget change item.

The fourth section of the document lists the various reports and studies which are required in 2007 Act 20

The final section lists the 2007-09 biennial budget issue papers prepared by the Legislative Fiscal Bureau.

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HISTORY OF THE 2007-09 BIENNIAL BUDGET

This section provides a narrative history of the 2007-09 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to its introduction. This history starts at that point.

On May 26, 2006, the Department of Administration (DOA) released the Governor's major budget policies and technical budget instructions for each state agency to follow in preparing their 2007-09 biennial budget requests. Included in these policy directives were instructions that state agencies prepare their 2007-09 biennial budget assuming zero growth in overall state general purpose revenue (GPR) appropriations, except for K-12 equalization aids, required cost-to-continue needs for the state's institutions (in the Department of Corrections and the Department of Health and Family Services), entitlement and related assistance programs in the Department of Health and Family Services and in the Department of Workforce Development's Division of Vocational Rehabilitation, the University of Wisconsin System instruction and research activities focused on economic growth, standard budget adjustments, fuel and utilities, and debt service. This directive also applied to segregated (SEG) funded administrative operations appropriations of the Department of Transportation, Department of Natural Resources, and the lottery. For other types of appropriations and funding sources, the directive instructed that funding requests should be limited to revenue availability and prioritized programmatic needs.

Beginning in the 2003-05 biennium, one-third of all state agencies are required by statute to complete a base budget review. On August 23, 2006, the Department of Administration released the list of the remaining one-third of agencies to complete a base budget review as part of the 2007-09 biennial budget process. These agencies were:

- Department of Administration
- Board on Aging and Long-Term Care
- Department of Corrections
- District Attorneys
- Educational Communications Board
- Elections Board
- Employment Relations Commission
- Environmental Improvement Program
- Historical Society
- Investment Board
- Lower Wisconsin State Riverway Board
- Public Defender Board
- Board of Commissioners of Public Lands
- Public Service Commission
- State Treasurer

By statute, executive branch agencies are required to submit their formal budget requests to the Department of Administration and the Legislative Fiscal Bureau by September 15, 2006. The Division of Executive Budget and Finance (within DOA) began reviewing agency funding requests as they were submitted. On November 20, 2006, as required by statute, the Division distributed to Governor James E. Doyle, Jr., and the Legislature, a compilation of state agencies' 2007-09 biennial budget requests. This summary indicated that agencies were seeking total 2007-

09 funding of \$57.14 billion (all funds), of which \$28.77 billion was requested from general purpose revenue. Also included in the summary was the statutorily required estimate of tax revenues for fiscal year 2006-07 and the 2007-09 biennium, as developed by the Department of Revenue. Total general fund tax collections for the 2007-09 biennium were projected at \$26.4 billion.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other information, on January 30, 2007, the Bureau estimated that the state's general fund would realize a total of \$12.8 million less in the period from 2006-07 through 2008-09 than was reflected in the report from the Departments of Administration and Revenue. [On June 4, 2007, the Fiscal Bureau revised its general fund tax estimates, indicating that general fund tax revenues would exceed the January 30 estimates by approximately \$49.0 million in 2006-07.]

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

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the Legislature on or before the last Tuesday in January of each odd-numbered year unless a different date is authorized by the Legislature. Under 2007 Senate Joint Resolution 1, adopted by the Senate on January 3, 2007, and concurred in by the Assembly on the same day, the deadline for the submission of the Governor's budget message and the executive budget bill (or bills) was extended, at the request of the Governor, to February 13, 2007. Governor Doyle officially delivered his 2007-09 biennial budget message and recommendations to a joint convention of the Legislature on February 13, 2007.

On February 14, 2007, the Joint Committee on Finance, at the request of the Governor, introduced the biennial budget bill in the Senate. The bill, formally introduced as Senate Bill 40 (SB 40) was read for the first time and referred to the Joint Committee on Finance. The recommendations of the State Building Commission constituting the capital budget and the state building programs were submitted to the Joint Committee on Finance on April 12. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

On February 15, reports were requested from the Joint Survey Committee on Retirement Systems and the Joint Survey Committee on Tax Exemptions on the provisions of SB 40. On June 20, the Joint Survey Committee on Tax Exemptions submitted a report to the Legislature addressing provisions in SB 40 that affect existing statutes or create new statutes relating to the exemption of property or persons from state or local taxes. The provisions included: (a) updates to the internal revenue code; (b) changes to tax statutes related to the income of non-residents and part-year residents; (c) an oil company assessment; (d) a phased-in individual income tax deduction for persons whose employers pay for a portion of their health insurance; (e) increasing

the maximum college tuition deduction amount; (f) an income tax deduction for employment-related child or depend care expenses; (g) income and property tax exemptions for veterans service organizations; (h) sales tax exemptions for biotechnology businesses and veterans home exchanges; (i) changes to sales tax exemptions for purchasing and printing catalogs and for motion picture film or tape; and (j) changes to various state sales and use tax statutes to conform with the terms of the multi-state streamlined sales and use tax agreement. The Joint Survey Committee on Tax Exemptions found that, while there were no questions of legality involved in the provisions, a constitutional concern may exist concerning the provisions relating to the oil company assessment. The report made no recommendation regarding the public policy of the bill.

The Joint Committee on Finance also held agency informational briefings on the biennial budget bill on March 12, 14, 15, 16, and 22. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. The agencies selected to appear before the Committee included: Department of Administration, Department of Transportation, Department of Workforce Development, Employment Relations Commission, Elections Board, Department of Revenue, Department of Natural Resources, Department of Commerce, Department of Tourism, the Supreme Court, Department of Corrections, Department of Health and Family Services, Office of the Commissioner of Insurance, Office of the Commissioner of Railroads, Department of Justice, Department of Public Instruction, Wisconsin Technical College System, Higher Educational Aids Board, and the University of Wisconsin System.

While the Joint Committee on Finance was conducting its informational briefings and public hearings, many of the committees in each house of the Legislature also held hearings on those aspects of the executive budget bill that fell under their subject matter jurisdiction.

The Joint Committee on Finance held six public hearings on the biennial budget bill to solicit public testimony on the proposals. Public hearings were held in Milwaukee on March 20, De Forest on March 21, Chippewa Falls on March 27, Prairie du Chien on April 4, Rhinelander on April 11, and Green Bay on April 12. In addition, the Committee held an informational briefing on April 18 by Department of Administration staff on the 2007-09 building program.

On April 20, 2007, Senator Russ Decker (D-Schofield), the Senate Chair of the Joint Committee on Finance, and Representative Kitty Rhoades (R-Hudson), the Assembly Chair of the Joint Committee on Finance, issued a memorandum identifying a total of 48 non-fiscal policy items in SB 40 that would not be addressed as part of the Joint Committee on Finance's budget deliberations.

The Joint Committee on Finance held a total of 14 executive sessions on the biennial budget bill. The first executive session was held on April 26, and the last was held on June 8. At the Committee's final executive session (June 8), the Committee adopted a substitute amendment (SSA 1 to SB 40) incorporating all of its previous actions modifying the biennial budget. The vote to recommend SB 40 for passage, as amended, received eight aye and eight nay votes. The

Committee's version of the budget bill, SSA 1 to SB 40, was formally reported to the Senate on June 20.

The Senate began consideration of the 2007-09 state budget on June 26, 2007. During the Senate's deliberations, 17 amendments to SSA 1 were offered. Two Senate amendments to SSA 1 were adopted – SA 1 and SA 2. The Senate substitute amendment (SSA 1), as amended, was adopted, and the bill, as amended, was passed on a vote of 18-15. The bill was ordered immediately messaged to the Assembly.

The Assembly began consideration of the 2007-09 state budget on July 6, 2007 by introducing Assembly substitute amendment 1 (the version of the budget bill that was adopted by the Joint Committee on Finance). A total of two amendments to the Assembly substitute amendment (ASA 1) were offered. Assembly amendment 1 to ASA 1 was adopted. The Assembly then voted concurrence 51-44.

Both during and after the Senate and Assembly deliberations on the budget, the Legislative Fiscal Bureau conducted briefings with the caucuses in both houses on the major provisions of the various versions of the budget, including those proposed by the Governor, the Joint Committee on Finance, Senate, and Assembly.

Pursuant to Assembly Joint Resolution 59 (AJR 59), a Committee of Conference (Conference Committee) was created to reconcile the differences between the Senate and Assembly and to present its report on the bill to the two houses. AJR 59 specified that the Conference Committee would consist of four members from each house, with three members from each house representing the majority party in that house and one member from each house representing the minority party in that house. The Senate members of the Conference Committee, representing the majority party, included Senators Judy Robson (D-Beloit), Russ Decker (D-Schofield), and Robert Jauch (D-Poplar). The Senate member representing the minority party was Senator Scott Fitzgerald (R-Juneau). The Assembly members of the Conference Committee, representing the majority party, included Representatives Michael Huebsch (R-West Salem), Jeff Fitzgerald (R-Horicon), and Kitty Rhoades (R-Hudson). The Assembly member representing the minority party was Representative James Kreuser (D-Kenosha). Senator Robson and Representative Huebsch served as Co-chairs of the Conference Committee.

The Conference Committee began deliberations on July 25, 2007. On August 1, the Conference Committee agreed to a list of 571 items, which were included in all the versions of the budget adopted by the Joint Committee on Finance, the Senate, and the Assembly. However, the Conference Committee agreed that the 571 items could be revisited, if required by other Committee action. Deliberations continued on the remaining budget issues. The Conference Committee met 16 times until September 21, 2007, without resolution of the remaining budget issues.

On September 14, 2007 Assembly Bill 506 (AB 506) was introduced to provide funding for the 2007-09 biennium related to state finances and appropriations for state school aids, school district revenue limits, school safety grants, the pupil transportation reimbursement rate, the school breakfast reimbursement rate, county and municipal aid, and the school levy property tax

credit. The Assembly also introduced on the same day, 2007 Assembly Bill 507 (AB 507), to modify and extend local levy limits for cities, villages, towns, and counties, and create a levy limit for technical college districts. On September 18, both bills were referred to, and then withdrawn from, the Joint Committee on Finance and taken up by the Assembly. AB 506 passed on a vote of 70-27 and AB 507 passed on a vote of 52-45. The bills were messaged to the Senate and, on September 21, were referred to the Committee on Senate Organization available for scheduling. Neither bill, however, was taken up by the Senate.

To resolve the remaining budget differences between the houses, the Speaker of the Assembly, Michael Huebsch (R-West Salem), the Senate Majority Leader, Judy Robson (D-Beloit), and Governor James E. Doyle, Jr began to meet privately to negotiate. On September 24-28 and October 1-2, the parties met to work on the budget. On October 9, 2007, the Governor announced he would call the full Legislature into Special Session on a new compromise budget bill. 2007 October Special Session Bill 1 (SS SB 1) was introduced by the Committee on Senate Organization on October 15. SS SB 1 did not include budget provisions related to the Department of Transportation, which were addressed in a separate bill, 2007 October Special Session Bill 2 (SS SB 2), also introduced on October 15.

SS SB 1 and SS SB 2 were referred to, and then withdrawn from, the Joint Committee on Finance to be taken up by the Senate. For SS SB 1, a Senate substitute amendment was offered, but tabled on a vote of 18-14. One amendment to SS SB 1 was offered and adopted. The Senate then passed SS SB 1, as amended, on a vote of 18-14. For SS SB 2, the Senate offered and adopted one amendment, then passed the bill, as amended, on a vote of 18-14. The bills were ordered immediately messaged to the Assembly. On October 15, the Assembly suspended its rules and took up SS SB 1. The Assembly refused concurrence 44-53. The Assembly did not take up SS SB 2.

Pursuant to Joint Rule 81(2)(a), an extraordinary session may be authorized by the joint petition of a majority of the members elected to each house submitted to the Senate Chief Clerk and Assembly Chief Clerk. On October 15, 52 members of the Assembly Republican Caucus signed a petition for an extraordinary session on AB 506 and AB 507. However, the petition was not signed by a majority of members from the Senate.

Negotiations between the Speaker of the Assembly, the Senate Majority Leader, and the Governor resumed on October 16. On October 22, 2007, the Conference Committee met and voted 7-1 for approval of Conference Substitute Amendment 1 to SB 40. On October 23, 2007, the Legislative Fiscal Bureau briefed the caucuses of the two houses on the provisions of Conference Substitute Amendment 1. On October 23, the Conference Committee report was approved by the Assembly on a vote of 60-39 and then by the Senate on a 18-15 vote. Enrolled SB 40 was presented to the Governor on October 25. He approved the bill, in part, on October 26 and had it deposited to the Office of the Secretary of State as 2007 Wisconsin Act 20. The Governor indicated in his message to the Senate that he had exercised his authority to make 33 partial vetoes to the bill, as passed by the Legislature. Act 20 was published on October 26, and except as otherwise specifically provided, became effective the following day.

BRIEF CHRONOLOGY OF THE 2007-09 BUDGET

GOVERNOR/ADMINISTRATION

- May 26, 2006 Department of Administration issued major budget policies and technical budget instructions
- August 23 Department of Administration released list of agencies subject to base budget review
- September 15 Agency deadline for submission of budget requests
- November 20 Executive Budget Office submitted a compilation of agency budget requests and a Department of Revenue estimate of tax revenues
- February 13, 2007 Governor Doyle delivered budget message and recommendations to the Legislature
- April 12 Recommendations of the State Building Commission for the capital budget and state building program submitted to the Joint Committee on Finance
- October 15 Governor Doyle calls a special session on a budget bill

JOINT COMMITTEE ON FINANCE

- January 30 Legislative Fiscal Bureau releases general fund expenditure and revenue projections
- February 14 Introduced the executive budget bill as 2007 Senate Bill 40
- March 12-March 22 Budget bill briefings by agency officials
- March 20-April 18 Public hearings and state building program briefing
- April 12 Received recommendations of the State Building Commission for the capital budget and authorized state building program
- April 20 Nonfiscal items removed from budget bill
- April 26-June 8 Executive sessions
- June 9 Adopted Senate Substitute Amendment 1 (SSA 1) to SB 40 and considered the bill for passage on a 8-8 vote
- June 20 SSA 1 to SB 40, as recommended by the Joint Committee on Finance, reported to the Senate

LEGISLATURE

- June 26 Senate adopted Senate Substitute Amendment 1 to SB 40 and the bill as amended on a vote of 18-15
- July 6 Assembly adopted Assembly Substitute Amendment 1 to SB 40 and the bill as amended on a vote of 51-44
- July 25 Conference Committee deliberations began
- September 14 Assembly passed 2007 Assembly Bill 506 (education and municipal funding) and 2007 Assembly Bill 507 (levy limits)

- September 24-
October 2 Speaker of the Assembly, Senate Majority Leader, and the Governor met to negotiate on the budget
- October 15 Special Session Senate Bills 1 and 2 introduced; Senate passed the bills, as amended, 18-14; Assembly refused concurrence on SS SB 1 on a vote of 44-53, and did not take up SS SB 2
- October 22 Conference Committee approves Conference Committee Substitute Amendment 1 to SB 40 on a vote of 7-1
- October 23 Conference Committee report passed by the Assembly, 60-39, and by the Senate, 18-15.

ENACTMENT

- October 25 Enrolled SB 40 presented to Governor
- October 26 Governor approved bill, with partial vetoes, as 2007 Wisconsin Act 20
- October 26 Act 20 published
- October 27 Act 20 became generally effective

KEY TO ABBREVIATIONS

REVENUES

BR Bond revenues which are available from the contracting of public debt (general obligation bonding) or from the contracting of debt which is to be repaid from project revenues and does not constitute debt of the state (revenue bonding).

GPR-Earned Departmental revenues which are collected by individual state agencies and deposited in the general fund.

REV Revenue

APPROPRIATIONS

GPR Appropriations financed from general purpose revenues available in the state's general fund.

FED Appropriations financed from federal revenues.

PR Appropriations financed from program revenues, such as user fees or product sales.

PR-S Program Revenue-Service. Appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.

SEG Appropriations financed from segregated revenues.

SEG-Local Appropriations financed from local revenues which are administered through a state segregated fund.

SEG-S Segregated Revenue-Service. Segregated appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.

OTHER

2005 Wisconsin Act 25	The 2005-07 biennial budget act.
2007 Wisconsin Act 5	The 2005-07 budget adjustment act.
SB 40	2007 Senate Bill 40, the Governor's 2007-09 budget recommendations.
SSA 1 and ASA 1 to SB 40	Senate Substitute Amendment 1 and Assembly Substitute Amendment 1 to Senate Bill 40, the 2007-09 budget recommendations of the Joint Committee on Finance.
CY	Calendar year.
FY	Fiscal year.
FTE	Full-time equivalent position.
LTE	Limited-term employment position for which employment is limited to 1,044 hours per appointment in a 12-month period.
2006-07 Base	The 2006-07 authorized funding level for an agency or program. It is this base that serves as the beginning point for calculating budget changes for 2007-09.
2006-07 Base Year Doubled	The 2006-07 base multiplied by two. This produces the biennial base level against which 2007-09 budget levels may be compared.
Lapse	Budgeted amounts that are unspent at the end of a fiscal period which revert back to the fund from which they were appropriated.
PECFA	Petroleum Environmental Cleanup Fund Award Program
TANF	Temporary Assistance to Needy Families
W-2	Wisconsin Works Program

USER'S GUIDE

The following explanation of entries is keyed to the accompanying sample on entry page 11.

- ① Name of agency.
- ② Listed in this column are the funding sources for the amounts shown in Columns 3 through 5. Only the funding sources which are included in the agency's budget are shown.
- ③ The 2006-07 base represents authorized appropriation and position levels for 2006-07.
- ④ Act 20 budget and position levels for 2007-08 and 2008-09.
- ⑤ These columns indicate the change, by amount and percentage, of Act 20 over the 2006-07 base year, doubled. For positions, the comparison is made between 2008-09 and that of 2006-07.
- ⑥ Indicates the beginning of the summary of each fiscal and statutory change to the agency's base budget and current law.
- ⑦ This uniform entry, "Standard Budget Adjustments," includes such things as full funding of continuing positions, turnover reductions, and removal of one-time funding items. The box, to the right of the title, highlights the funding and position change to the agency's base as a result of the item. For every item which has a fiscal and/or position change, a box with that information will be presented. "REV" in the box indicates that the item will generate revenue for the fund which is identified.
- ⑧ Act 20 Sections relating to the budget change item.

1
MILITARY AFFAIRS

Budget Summary					FTE Position Summary					
2	3	4		2007-09 Change Over Base Year Doubled		3	4		2008-09 Over 2006-07	
	2006-07 Adjusted Base	2007-08	Act 20 2008-09				2006-07	2007-08		
GPR	\$20,565,200	\$20,939,900	\$21,375,700	\$1,185,200	2.9%	88.82	88.82	88.82	0.00	0.0%
FED	46,463,500	48,524,600	48,524,600	4,122,200	4.4	243.35	243.35	243.35	0.00	0.0
PR	5,472,800	5,685,200	5,685,200	424,800	3.9	45.74	45.74	45.74	0.00	0.0
SEG	<u>3,474,500</u>	<u>474,500</u>	<u>474,500</u>	<u>-6,000,000</u>	<u>-86.3</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0</u>
TOTAL	\$75,976,000	\$75,624,200	\$76,060,000	-\$267,800	-0.2%	377.91	377.91	377.91	0.00	0.0%

6
Budget Change Items

7
1. STANDARD BUDGET ADJUSTMENTS

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	424,800
Total	<u>\$5,233,000</u>

2. NATIONAL GUARD TUITION GRANTS PREAPPLICATIONS

Delete the 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.

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

OVERVIEW

ALL FUNDS BUDGET AND POSITION SUMMARIES

TABLE 1**Summary of 2007-09 Appropriations,
Compensation Reserves, and Authorizations**

<u>Fund Source</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Total</u>	<u>% of Total</u>
General Purpose Revenue (GPR)	\$13,886,722,800	\$14,368,716,900	\$28,255,439,700	47.1%
Appropriations	13,823,963,200	14,212,099,000	28,036,062,200	
Compensation Reserves	62,759,600	156,617,900	219,377,500	
Federal Revenue (FED)	7,093,560,700	7,367,715,700	14,461,276,400	24.1
Appropriations	7,060,363,000	7,284,707,600	14,345,070,600	
Compensation Reserves	33,197,700	83,008,100	116,205,800	
Program Revenue (PR)	4,041,842,100	4,184,801,700	8,226,643,800	13.7
Appropriations	4,023,325,400	4,138,376,600	8,161,702,000	
Compensation Reserves	18,516,700	46,425,100	64,941,800	
Segregated Revenue (SEG)	3,069,609,700	3,221,027,600	6,290,637,300	10.5
Appropriations	3,052,886,200	3,179,051,900	6,231,938,100	
Compensation Reserves	<u>16,723,500</u>	<u>41,975,700</u>	<u>58,699,200</u>	
Subtotal	\$28,091,735,300	\$29,142,261,900	\$57,233,997,200	95.4%
Appropriations	27,960,537,800	28,814,235,100	56,774,772,900	
Compensation Reserves	131,197,500	328,026,800	459,224,300	
Bond Revenue			\$2,764,315,900	4.6
General Obligation Bonding			2,061,283,800	
Revenue Bonding			<u>703,032,100</u>	
TOTAL			\$59,998,313,100	100.0%

TABLE 2

Summary of Total All Funds Appropriations by Agency

Agency	2006-07 Base Year Doubled	Act 20			2007-09 Change Over Base Doubled	
		2007-08	2008-09	2007-09	Amount	%
Administration	\$1,531,487,200	\$769,637,400	\$784,184,800	\$1,553,822,200	\$22,335,000	1.5%
Agriculture, Trade & Consumer Prot.	156,091,400	93,268,000	95,898,400	189,166,400	33,075,000	21.2
Arts Board	7,172,800	3,669,800	3,629,800	7,299,600	126,800	1.8
Bd. for People with Developmental Disab.	0	1,283,200	1,283,200	2,566,400	2,566,400	N.A.
Board of Commissioners of Public Lands	2,923,000	1,557,100	1,557,100	3,114,200	191,200	6.5
Board on Aging and Long-Term Care	4,019,600	2,377,100	2,435,100	4,812,200	792,600	19.7
Building Commission	69,687,600	37,543,000	50,216,900	87,759,900	18,072,300	25.9
Child Abuse and Neglect Prevention Bd.	5,938,800	3,580,200	3,692,600	7,272,800	1,334,000	22.5
Children and Families	0	0	1,105,565,200	1,105,565,200	1,105,565,200	N.A.
Circuit Courts	167,157,400	88,793,000	89,087,700	177,880,700	10,723,300	6.4
Commerce	407,652,000	189,326,700	197,734,500	387,061,200	- 20,590,800	- 5.1
Compensation Reserves	—	131,197,500	328,026,800	459,224,300	459,224,300	N.A.
Corrections	2,142,321,400	1,223,662,800	1,229,588,300	2,453,251,100	310,929,700	14.5
Court of Appeals	17,634,200	9,527,000	9,527,000	19,054,000	1,419,800	8.1
District Attorneys	86,094,800	46,064,100	46,176,800	92,240,900	6,146,100	7.1
Educational Communications Board	35,491,800	18,095,900	18,229,800	36,325,700	833,900	2.3
Elections Board	3,946,000	0	0	0	- 3,946,000	- 100.0
Employee Trust Funds	46,692,400	28,533,500	26,335,600	54,869,100	8,176,700	17.5
Employment Relations Commission	5,986,200	3,145,700	3,185,600	6,331,300	345,100	5.8
Environmental Improvement Fund	104,092,400	50,892,800	55,690,500	106,583,300	2,490,900	2.4
Ethics Board	1,391,000	0	0	0	- 1,391,000	- 100.0
Financial Institutions	33,400,600	16,963,700	16,976,100	33,939,800	539,200	1.6
Fox River Navigational System Authority	253,400	126,700	126,700	253,400	0	0.0
Government Accountability Board	0	5,287,800	5,272,200	10,560,000	10,560,000	N.A.
Governor	7,733,200	4,047,800	4,047,800	8,095,600	362,400	4.7
Health and Family Services	13,350,806,400	6,855,334,300	6,778,798,700	13,634,133,000	283,326,600	2.1
Higher Educational Aids Board	204,290,800	119,893,700	127,515,800	247,409,500	43,118,700	21.1
Historical Society	38,861,200	21,758,700	22,792,900	44,551,600	5,690,400	14.6
Insurance	212,677,800	104,125,900	103,776,000	207,901,900	- 4,775,900	- 2.2
Investment Board	44,949,400	22,474,700	22,474,700	44,949,400	0	0.0
Judicial Commission	489,200	239,100	239,100	478,200	- 11,000	- 2.2
Judicial Council	0	90,000	111,200	201,200	201,200	N.A.
Justice	163,841,800	90,943,900	90,943,400	181,887,300	18,045,500	11.0
Legislature	137,575,000	71,124,100	70,324,700	141,448,800	3,873,800	2.8
Lieutenant Governor	805,400	408,200	408,200	816,400	11,000	1.4
Lower Fox River Remediation Authority	0	100,000	0	100,000	100,000	N.A.
Lower-WI State Riverway Board	341,000	186,900	186,900	373,800	32,800	9.6
Medical College of Wisconsin	15,472,800	7,650,800	7,863,300	15,514,100	41,300	0.3
Military Affairs	151,952,000	75,624,200	76,060,000	151,684,200	- 267,800	- 0.2
Miscellaneous Appropriations	283,958,000	181,834,400	175,744,900	357,579,300	73,621,300	25.9

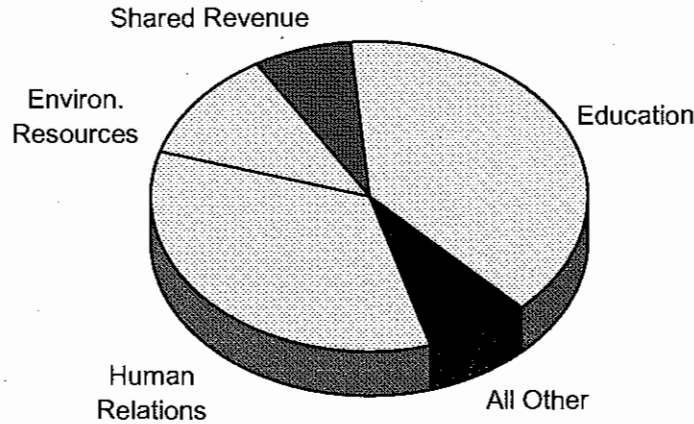
TABLE 2 (continued)

Summary of Total All Funds Appropriations by Agency

Agency	2006-07 Base Year Doubled	Act 20			2007-09 Change Over Base Doubled	
		2007-08	2008-09	2007-09	Amount	%
Natural Resources	\$1,078,478,000	\$572,898,400	\$579,636,500	\$1,152,534,900	\$74,056,900	6.9%
Office of State Employment Relations	11,881,600	6,359,100	6,376,300	12,735,400	853,800	7.2
Program Supplements	59,242,600	26,125,100	44,487,400	70,612,500	11,369,900	19.2
Public Defender	154,685,000	81,645,100	80,159,000	161,804,100	7,119,100	4.6
Public Instruction	12,236,723,400	6,220,043,900	6,358,587,200	12,578,631,100	341,907,700	2.8
Public Service Commission	52,843,400	27,412,100	27,412,100	54,824,200	1,980,800	3.7
Regulation and Licensing	23,586,000	12,756,800	12,701,400	25,458,200	1,872,200	7.9
Revenue	331,036,200	174,996,300	178,404,300	353,400,600	22,364,400	6.8
Secretary of State	1,595,400	763,400	763,400	1,526,800	- 68,600	- 4.3
Shared Revenue and Tax Relief	3,619,538,400	2,015,432,800	2,107,037,700	4,122,470,500	502,932,100	13.9
State Fair Park Board	38,920,200	20,271,500	20,646,400	40,917,900	1,997,700	5.1
State Treasurer	4,992,800	6,261,000	6,262,600	12,523,600	7,530,800	150.8
Supreme Court	53,430,800	29,371,600	29,432,000	58,803,600	5,372,800	10.1
Tourism	31,789,800	15,999,400	16,032,400	32,031,800	242,000	0.8
Transportation	4,932,569,600	2,660,180,400	2,744,107,800	5,404,288,200	471,718,600	9.6
University of Wisconsin System	8,645,801,600	4,469,427,100	4,573,566,000	9,042,993,100	397,191,500	4.6
UW Hospitals and Clinics Board	235,836,000	143,850,500	143,850,500	287,701,000	51,865,000	22.0
Veterans Affairs	263,510,600	144,693,600	144,516,400	289,210,000	25,699,400	9.8
Wisconsin Technical College System	363,443,800	183,496,900	184,496,900	367,993,800	4,550,000	1.3
Workforce Development	<u>2,090,267,000</u>	<u>999,380,600</u>	<u>328,077,300</u>	<u>1,327,457,900</u>	<u>- 762,809,100</u>	- 36.5
TOTAL	\$53,673,360,200	\$28,091,735,300	\$29,142,261,900	\$57,233,997,200	\$3,560,637,000	6.6%

FIGURE 1

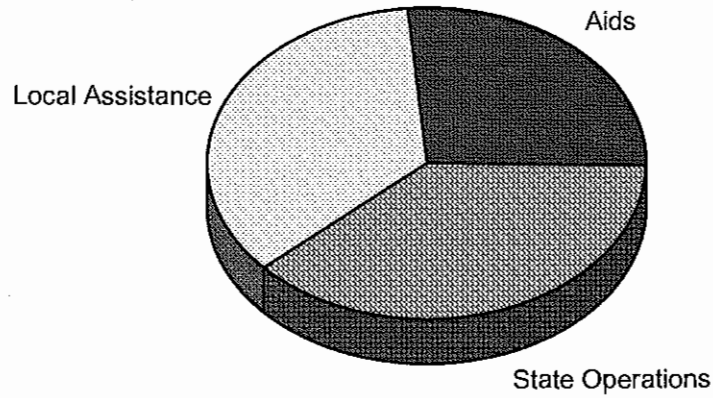
**2007-09 All Funds Appropriations
By Functional Area**



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$22,340,718,500	39.0%
Human Relations and Resources	19,544,113,300	34.1
Environmental Resources	6,696,165,400	11.7
Shared Revenue and Tax Relief	4,122,470,500	7.2
All Other		
General Executive	2,218,217,400	3.9
Commerce	939,269,600	1.6
General Appropriations	515,951,700	0.9
Compensation Reserves	459,224,300	0.8
Judicial	256,417,700	0.4
Legislative	141,448,800	0.2
TOTAL	\$57,233,997,200	100.0%

FIGURE 2

**2007-09 All Funds Appropriations
By Purpose**



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$20,203,112,700	35.3%
State Operations	(21,741,565,400)	(38.0)
UW System	8,433,396,200	14.7
Other Programs	12,848,944,900	22.5
Compensation Reserves	459,224,300	0.8
Aids to Individuals and Organizations	<u>15,289,319,100</u>	<u>26.7</u>
TOTAL	\$57,233,997,200	100.0%

TABLE 3**Summary of All Funds Full-Time Equivalent Positions by Agency**

<u>Agency</u>	2006-07	Act 20		2008-09 Over 2006-07	
	<u>Base</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Number</u>	<u>Percent</u>
Administration	1,032.68	1,017.18	1,013.18	- 19.50	- 1.9%
Agriculture, Trade & Consumer Prot.	572.37	573.37	573.37	1.00	0.2
Arts Board	10.00	10.00	10.00	0.00	0.0
Board for People With Developmental Disabilities	0.00	7.75	7.75	7.75	N.A.
Board of Commissioners of Public Lands	7.50	8.50	8.50	1.00	13.3
Board on Aging and Long-Term Care	28.00	34.00	34.00	6.00	21.4
Child Abuse and Neglect Prevention Bd.	8.00	7.00	7.00	- 1.00	- 12.5
Children and Families	0.00	0.00	528.22	528.22	N.A.
Circuit Courts	511.00	511.00	513.00	2.00	0.4
Commerce	397.65	388.65	389.65	- 8.00	- 2.0
Corrections	10,168.69	10,344.87	10,391.87	223.18	2.2
Court of Appeals	75.50	75.50	75.50	0.00	0.0
District Attorneys	420.15	419.40	422.40	2.25	0.5
Educational Communications Board	62.18	62.18	62.18	0.00	0.0
Elections Board	16.00	0.00	0.00	- 16.00	- 100.0
Employee Trust Funds	196.60	217.60	217.60	21.00	10.7
Employment Relations Commission	23.50	24.00	24.00	0.50	2.1
Ethics Board	5.75	0.00	0.00	- 5.75	- 100.0
Financial Institutions	139.04	139.04	139.04	0.00	0.0
Government Accountability Board	0.00	18.75	17.75	17.75	N.A.
Governor	37.25	37.25	37.25	0.00	0.0
Health and Family Services	5,771.45	5,859.75	5,513.07	- 258.38	- 4.5
Higher Educational Aids Board	11.86	10.50	10.50	- 1.36	- 11.5
Historical Society	140.04	142.54	142.54	2.50	1.8
Insurance	132.00	133.00	133.00	1.00	0.8
Investment Board	104.50	104.50	104.50	0.00	0.0
Judicial Commission	2.00	2.00	2.00	0.00	0.0
Judicial Council	0.00	1.00	1.00	1.00	N.A.
Justice	555.99	576.99	576.99	21.00	3.8
Legislature	787.97	787.97	777.97	- 10.00	- 1.3
Lieutenant Governor	4.00	4.00	4.00	0.00	0.0
Lower-WI State Riverway Board	2.00	2.00	2.00	0.00	0.0
Military Affairs	377.91	377.91	377.91	0.00	0.0
Natural Resources	2,717.18	2,714.03	2,713.53	- 3.65	- 0.1
Office of State Employment Relations	54.50	55.50	55.50	1.00	1.8
Public Defender	522.45	535.45	535.45	13.00	2.5
Public Instruction	625.01	629.01	629.01	4.00	0.6
Public Service Commission	158.00	162.00	162.00	4.00	2.5
Regulation and Licensing	112.32	114.32	114.32	2.00	1.8
Revenue	1,108.78	1,118.83	1,118.83	10.05	0.9

TABLE 3 (continued)

Summary of All Funds Full-Time Equivalent Positions by Agency

<u>Agency</u>	2006-07	Act 20		2008-09 Over 2006-07	
	<u>Base</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Number</u>	<u>Percent</u>
Secretary of State	8.50	7.50	7.50	- 1.00	- 11.8%
State Fair Park Board	28.40	29.40	29.40	1.00	3.5
State Treasurer	10.70	14.70	14.70	4.00	37.4
Supreme Court	216.75	219.75	219.75	3.00	1.4
Tourism	42.40	41.40	41.40	- 1.00	- 2.4
Transportation	3,425.93	3,443.78	3,442.78	16.85	0.5
University of Wisconsin System	31,452.22	31,456.22	31,456.22	4.00	0.0
UW Hospitals and Clinics Board	2,371.46	2,462.49	2,462.49	91.03	3.8
Veterans Affairs	1,099.40	1,106.90	1,106.90	7.50	0.7
Wisconsin Technical College System	81.30	81.30	81.30	0.00	0.0
Workforce Development	<u>1,902.15</u>	<u>1,886.94</u>	<u>1,720.64</u>	<u>- 181.51</u>	- 9.5
TOTAL	67,539.03	67,977.72	68,029.46	490.43	0.7%

Full-Time Equivalent Positions Summary by Funding Source

<u>Fund</u>	2006-07	Act 20		2008-09 Over 2006-07	
	<u>Base</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Number</u>	<u>Percent</u>
GPR	34,678.86	34,941.13	35,077.41	398.55	1.1%
FED	9,654.36	9,581.29	9,539.40	- 114.96	- 1.2
PR	18,051.39	18,258.99	18,212.34	160.95	0.9
SEG	<u>5,154.42</u>	<u>5,196.31</u>	<u>5,200.31</u>	<u>45.89</u>	0.9
TOTAL	67,539.03	67,977.72	68,029.46	490.43	0.7%

OVERVIEW

GENERAL FUND BUDGET AND POSITION SUMMARIES

TABLE 4

2007-09 General Fund Condition Statement

	<u>2007-08</u>	<u>2008-09</u>
Revenues		
Opening Balance, July 1	\$66,288,000 *	\$66,986,400
Estimated Taxes	13,100,075,000	13,626,200,000
Departmental Revenues		
Tribal Gaming Revenues	96,731,600	46,250,700
Other	<u>428,177,700</u>	<u>434,968,800</u>
Total Available	\$13,691,272,300	\$14,174,405,900
Appropriations and Reserves		
Gross Appropriations	\$13,823,963,200	\$14,212,099,000
Compensation Reserves	62,759,600	156,617,900
Less Lapses	<u>-262,436,900</u>	<u>-262,022,300</u>
Net Appropriations	\$13,624,285,900	\$14,106,694,600
Balances		
Gross Balance	\$66,986,400	\$67,711,300
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$1,986,400	\$2,711,300

*In addition, \$55.6 million of the 2006-07 ending balance has been transferred to the budget stabilization fund pursuant to s. 16.518 of the statutes.

TABLE 5**Estimated 2007-09 General Fund Taxes**

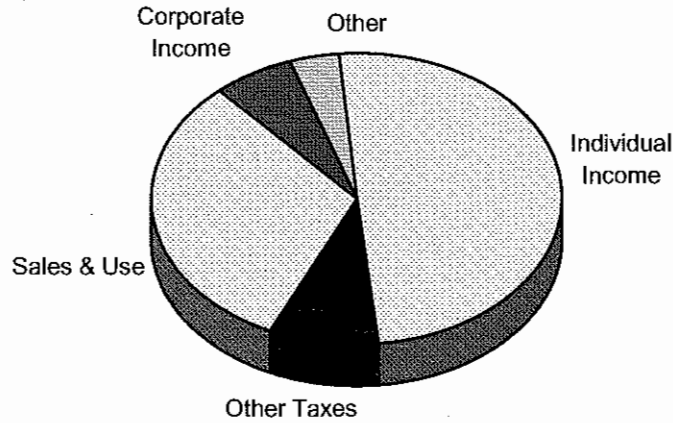
<u>Tax Source</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2007-09</u>	<u>% of Total</u>
Individual Income	\$6,758,800,000	\$7,105,500,000	\$13,864,300,000	51.9%
Sales and Use	4,310,000,000	4,479,400,000	8,789,400,000	32.9
Corporate Income and Franchise	887,775,000	860,300,000	1,748,075,000	6.5
Public Utility	297,200,000	314,400,000	611,600,000	2.3
Excise				
Cigarette	456,500,000	531,000,000	987,500,000	3.7
Liquor and Wine	42,500,000	43,000,000	85,500,000	0.3
Tobacco Products	28,900,000	41,200,000	70,100,000	0.3
Beer	9,400,000	9,400,000	18,800,000	0.1
Insurance Company	141,000,000	144,000,000	285,000,000	1.1
Estate	95,000,000	25,000,000	120,000,000	0.4
Miscellaneous	<u>73,000,000</u>	<u>73,000,000</u>	<u>146,000,000</u>	<u>0.5</u>
TOTAL	\$13,100,075,000	\$13,626,200,000	\$26,726,275,000	100.0%

TABLE 6**Estimated 2007-09 Departmental Revenues**

	<u>2007-08</u>	<u>2008-09</u>	<u>2007-09</u>
Administration	\$244,649,300	\$211,359,600	\$456,008,900
Agriculture, Trade and Consumer Protection	120,800	120,800	241,600
Circuit Courts	48,000,000	48,000,000	96,000,000
Commerce	322,900	42,200	365,100
Corrections	4,195,300	4,245,300	8,440,600
Court of Appeals	233,000	233,000	466,000
Educational Communications Board	10,000	10,000	20,000
Financial Institutions	6,318,400	46,069,200	52,387,600
Health and Family Services	24,264,600	24,164,600	48,429,200
Higher Educational Aids Board	42,000	42,000	84,000
Insurance	1,915,800	1,915,800	3,831,600
Interest Earnings	36,800,000	38,200,000	75,000,000
Justice	1,083,600	1,083,600	2,167,200
Miscellaneous Appropriations	5,600,000	5,600,000	11,200,000
Natural Resources	6,991,000	6,891,000	13,882,000
Public Instruction	2,109,400	2,201,800	4,311,200
Public Service Commission	1,660,800	1,660,900	3,321,700
Regulation and Licensing	4,756,000	2,494,500	7,250,500
Revenue	17,702,300	19,255,700	36,958,000
Secretary of State	113,400	89,700	203,100
Shared Revenue and Tax Relief	10,341,400	10,341,400	20,682,800
Supreme Court	58,600	58,600	117,200
Tribal Gaming	96,731,600	46,250,700	142,982,300
UW System	10,099,600	10,099,600	20,199,200
Veterans Affairs	470,000	470,000	940,000
Wisconsin Technical College System	56,600	56,600	113,200
Workforce Development	<u>262,900</u>	<u>262,900</u>	<u>525,800</u>
TOTAL	\$524,909,300	\$481,219,500	\$1,006,128,800

FIGURE 3

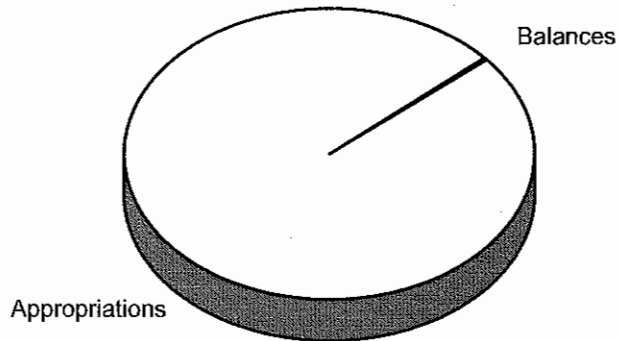
Estimated 2007-09 General Fund Revenues



<u>Tax Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Individual Income	\$13,864,300,000	49.9%
Sales and Use	8,789,400,000	31.6
Corporate Income and Franchise	1,748,075,000	6.3
Public Utility	611,600,000	2.2
Excise		
Cigarette	987,500,000	3.5
Liquor and Wine	85,500,000	0.3
Tobacco Products	70,100,000	0.3
Beer	18,800,000	0.1
Insurance	285,000,000	1.0
Estate	120,000,000	0.4
Miscellaneous	146,000,000	0.5
Total--Taxes	<u>\$26,726,275,000</u>	<u>96.1%</u>
<u>Other</u>		
Opening Balance, July 1, 2007	\$66,288,000	0.3%
Departmental Revenues	<u>1,006,128,800</u>	<u>3.6</u>
Total--Other	<u>\$1,072,416,800</u>	<u>3.9%</u>
GRAND TOTAL	\$27,798,691,800	100.0%

FIGURE 4

Use of 2007-09 General Fund Revenues



<u>Use</u>	<u>Amount</u>	<u>Percent of Total</u>
Appropriations	(\$28,255,439,700)	(99.8%)
Gross Appropriations	28,036,062,200	99.0
Compensation Reserves	219,377,500	0.8
Balances	(\$67,711,300)	(0.2%)
Statutory Balance	65,000,000	0.2
Net Balance	<u>2,711,300</u>	<u>< 0.1</u>
GROSS TOTAL	\$28,323,151,000	100.0%
Less Lapses	<u>-524,459,200</u>	
NET TOTAL	\$27,798,691,800	

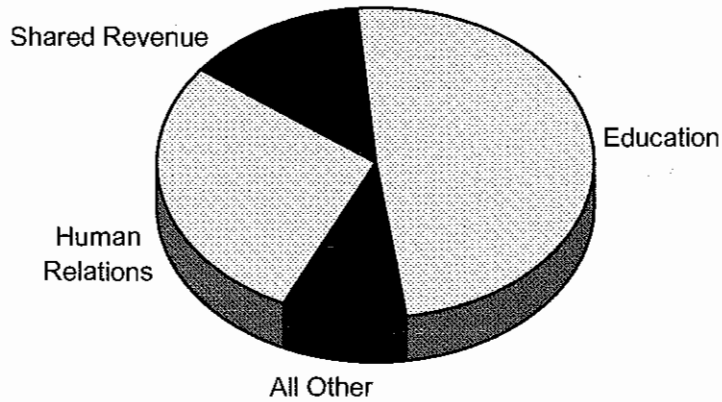
TABLE 7

Summary of General Fund Appropriations by Agency

Agency	2006-07 Base Year Doubled	Act 20			2007-09 Change Over Base Doubled	
		2007-08	2008-09	2007-09	Amount	%
Administration	\$421,058,200	\$210,193,200	\$221,012,400	\$431,205,600	\$10,147,400	2.4%
Agriculture, Trade & Consumer Prot.	55,708,400	29,715,400	30,365,600	60,081,000	4,372,600	7.8
Arts Board	4,863,600	2,510,200	2,470,200	4,980,400	116,800	2.4
Bd. for People with Developmental Disab.	0	15,000	15,000	30,000	30,000	N.A.
Board on Aging and Long-Term Care	1,800,200	1,034,700	1,071,900	2,106,600	306,400	17.0
Building Commission	67,639,200	36,518,800	49,192,700	85,711,500	18,072,300	26.7
Child Abuse and Neglect Prevention Bd.	680,000	990,400	1,129,700	2,120,100	1,440,100	211.8
Children and Families	0	0	307,887,600	307,887,600	307,887,600	N.A.
Circuit Courts	167,157,400	88,793,000	89,087,700	177,880,700	10,723,300	6.4
Commerce	45,088,600	23,842,000	23,067,000	46,909,000	1,820,400	4.0
Compensation Reserves	---	62,759,600	156,617,900	219,377,500	219,377,500	N.A.
Corrections	1,872,798,800	1,081,488,900	1,085,935,400	2,167,424,300	294,625,500	15.7
Court of Appeals	17,634,200	9,527,000	9,527,000	19,054,000	1,419,800	8.1
District Attorneys	82,424,600	42,729,400	42,859,700	85,589,100	3,164,500	3.8
Educational Communications Board	15,436,000	8,001,400	8,135,100	16,136,500	700,500	4.5
Elections Board	1,921,200	0	0	0	-1,921,200	-100.0
Employee Trust Funds	3,665,200	1,550,400	1,318,700	2,869,100	-796,100	-21.7
Employment Relations Commission	4,880,200	2,587,600	2,587,600	5,175,200	295,000	6.0
Environmental Improvement Fund	92,092,400	44,892,800	49,690,500	94,583,300	2,490,900	2.7
Ethics Board	572,000	0	0	0	-572,000	-100.0
Government Accountability Board	0	2,398,500	2,480,600	4,879,100	4,879,100	N.A.
Governor	7,733,200	4,047,800	4,047,800	8,095,600	362,400	4.7
Health and Family Services	5,426,421,000	2,621,525,100	2,505,021,000	5,126,546,100	-299,874,900	-5.5
Higher Educational Aids Board	198,489,800	117,336,600	124,948,700	242,285,300	43,795,500	22.1
Historical Society	24,018,800	13,894,000	14,742,900	28,636,900	4,618,100	19.2
Judicial Commission	489,200	239,100	239,100	478,200	-11,000	-2.2
Judicial Council	0	90,000	111,200	201,200	201,200	N.A.
Justice	69,550,000	40,715,800	40,803,500	81,519,300	11,969,300	17.2
Legislature	133,937,000	69,177,300	68,365,000	137,542,300	3,605,300	2.7
Lieutenant Governor	805,400	408,200	408,200	816,400	11,000	1.4
Lower Fox River Remediation Authority	0	100,000	0	100,000	100,000	N.A.
Medical College of Wisconsin	14,972,800	7,400,800	7,613,300	15,014,100	41,300	0.3
Military Affairs	41,130,400	20,939,900	21,375,700	42,315,600	1,185,200	2.9
Miscellaneous Appropriations	228,566,600	139,618,900	147,231,400	286,850,300	58,283,700	25.5
Natural Resources	297,572,400	153,000,900	157,983,400	310,984,300	13,411,900	4.5
Office of State Employment Relations	9,842,400	5,238,000	5,238,000	10,476,000	633,600	6.4
Program Supplements	57,612,000	13,031,900	17,571,400	30,603,300	-27,008,700	-46.9
Public Defender	152,033,600	80,237,200	78,747,000	158,984,200	6,950,600	4.6
Public Instruction	10,873,551,800	5,483,409,000	5,623,369,300	11,106,778,300	233,226,500	2.1
Revenue	167,412,000	87,701,800	90,401,800	178,103,600	10,691,600	6.4
Shared Revenue and Tax Relief	3,231,007,200	1,850,267,300	1,954,785,900	3,805,053,200	574,046,000	17.8
State Fair Park Board	4,927,600	2,492,200	2,460,900	4,953,100	25,500	0.5
Supreme Court	25,417,000	13,963,200	13,991,400	27,954,600	2,537,600	10.0
Tourism	6,818,600	3,573,100	3,578,500	7,151,600	333,000	4.9
Transportation	137,319,800	85,490,700	90,414,400	175,905,100	38,585,300	28.1
University of Wisconsin System	2,054,135,400	1,098,689,800	1,139,180,600	2,237,870,400	183,735,000	8.9
Veterans Affairs	4,214,400	2,580,700	2,491,000	5,071,700	857,300	20.3
Wisconsin Technical College System	281,811,600	142,152,500	143,152,500	285,305,000	3,493,400	1.2
Workforce Development	356,873,600	179,852,700	25,990,700	205,843,400	-151,030,200	-42.3
TOTAL	\$26,662,083,800	\$13,886,722,800	\$14,368,716,900	\$28,255,439,700	\$1,593,355,900	6.0%

FIGURE 5

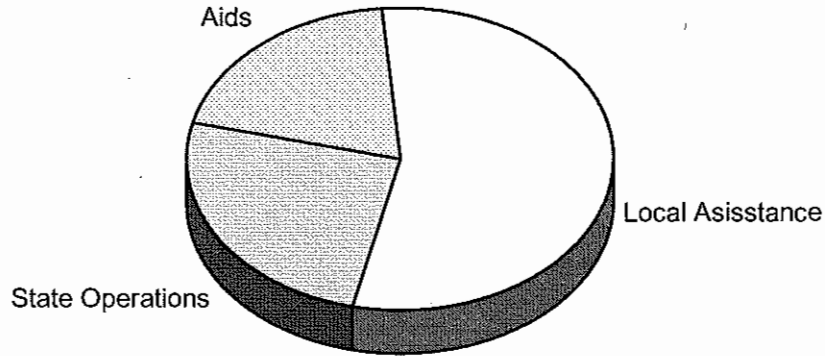
**2007-09 General Fund Appropriations
By Functional Area**



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$13,937,006,900	49.3%
Human Relations and Resources	8,031,629,000	28.4
Shared Revenue and Tax Relief	3,805,053,200	13.5
All Other		
General Executive	795,429,600	2.8
Environmental Resources	588,724,300	2.1
General Appropriations	403,165,100	1.4
Compensation Reserves	219,377,500	0.8
Judicial	225,568,700	0.8
Legislative	137,542,300	0.5
Commerce	111,943,100	0.4
TOTAL	\$28,255,439,700	100.0%

FIGURE 6

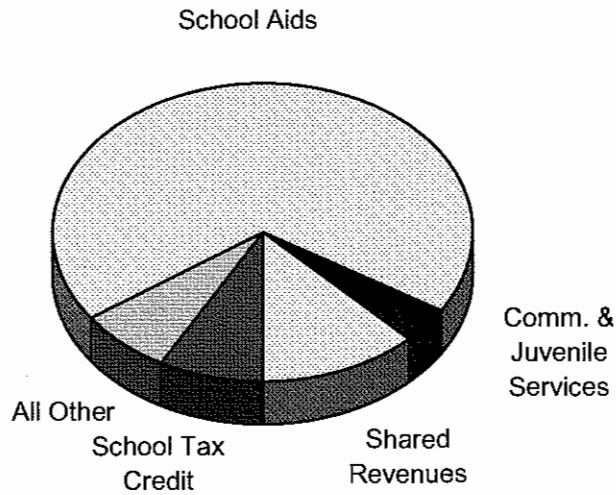
**2007-09 General Fund Appropriations
By Purpose**



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$15,574,608,100	55.1%
State Operations	(7,077,167,800)	(25.1)
UW System	2,203,350,900	7.8
Other Programs	4,654,439,400	16.5
Compensation Reserves	219,377,500	0.8
Aids to Individuals and Organizations	<u>5,603,663,800</u>	<u>19.8</u>
TOTAL	\$28,255,439,700	100.0%

FIGURE 7

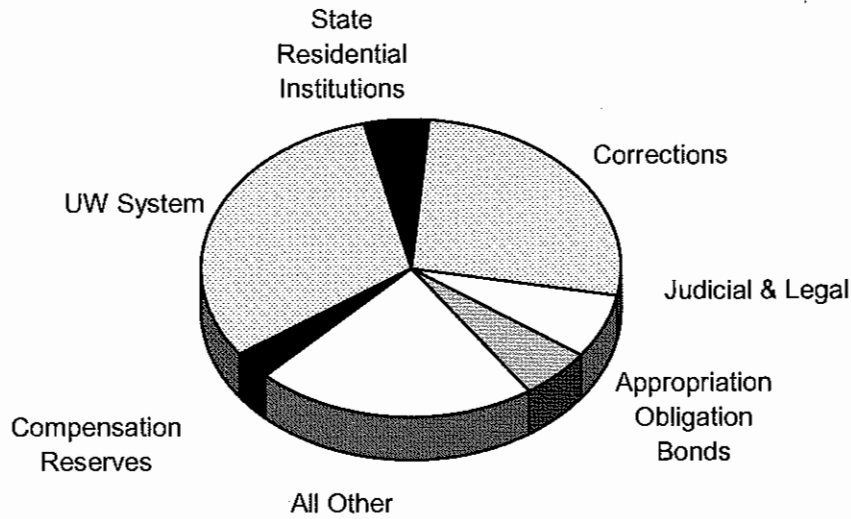
**2007-09 General Fund Appropriations
Local Assistance**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
Elementary & Secondary School Aids	\$10,699,940,600	68.7%
Shared Revenues	1,904,482,600	12.2
School Levy Tax Credit	1,265,450,000	8.1
Community & Juvenile Correctional Services	592,370,400	3.8
Technical College System Aids	272,458,400	1.8
Environmental Aid	254,220,900	1.6
Long-Term Care Programs	188,642,400	1.2
Other	<u>397,042,800</u>	<u>2.6</u>
TOTAL	\$15,574,608,100	100.0%

FIGURE 8

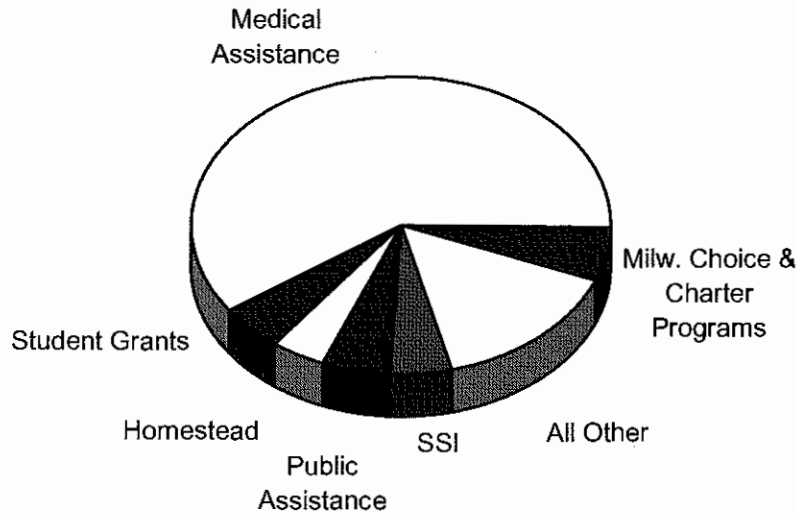
**2007-09 General Fund Appropriations
State Operations**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
UW System	\$2,203,350,900	31.1%
Correctional Operations	1,895,276,700	26.8
Judicial and Legal Services	496,659,000	7.0
Appropriation Obligation Bonds	391,462,400	5.5
State Residential Institutions	347,615,100	4.9
Compensation Reserves	219,377,500	3.1
H&FS/Workforce Development	201,408,000	2.9
Tax Administration	178,103,600	2.5
Transportation Debt Service	175,905,100	2.5
Natural Resources	161,456,500	2.3
Legislature	137,542,300	1.9
Other	<u>669,010,700</u>	<u>9.5</u>
TOTAL	\$7,077,167,800	100.0%

FIGURE 9

**2007-09 General Fund Appropriations
Aids to Individuals and Organizations**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
Medical Assistance	\$3,357,265,100	59.9%
Milw. Parental Choice & Charter School Programs	334,280,500	6.0
Public Assistance	300,217,200	5.3
Student Grants and Aids	284,301,900	5.1
Supplemental Security Income	269,572,100	4.8
Homestead Tax Credit	222,100,000	4.0
Other Individual Tax Credits	189,010,400	3.4
Prescription Drugs Assistance for Elderly	116,055,700	2.1
Foster Care and Adoptions Services	98,468,500	1.7
Milwaukee Child Welfare	24,837,400	0.4
Other	<u>407,555,000</u>	<u>7.3</u>
TOTAL	\$5,603,663,800	100.0%

TABLE 8

Distribution of 2007-09 General Fund Appropriations

	2007-08			2008-09			Total		
	Amount	% of Category	% of Total	Amount	% of Category	% of Total	Amount	% of Category	% of Total
LOCAL ASSISTANCE									
Elementary & Secondary School Aids	\$5,291,218,500	69.0%	38.1%	\$5,408,722,100	68.4%	37.6%	\$10,699,940,600	68.7%	37.9%
Shared Revenues	951,991,300	12.4	6.8	952,491,300	12.1	6.6	1,904,482,600	12.2	6.7
School Levy Tax Credit	593,050,000	7.7	4.3	672,400,000	8.5	4.7	1,265,450,000	8.1	4.5
Community & Juvenile Correctional Services	300,116,200	3.9	2.2	292,254,200	3.7	2.0	592,370,400	3.8	2.1
Technical College System Aids	136,229,200	1.8	1.0	136,229,200	1.7	1.0	272,458,400	1.8	0.9
Environmental Aids	125,149,300	1.6	0.9	129,071,600	1.6	0.9	254,220,900	1.6	0.9
Long-Term Care Programs	94,321,200	1.2	0.7	94,321,200	1.2	0.7	188,642,400	1.2	0.7
Other	179,189,700	2.4	1.3	217,853,100	2.8	1.5	397,042,800	2.6	1.4
TOTAL--LOCAL ASSISTANCE	\$7,671,265,400	100.0%	55.3%	\$7,903,342,700	100.0%	55.0%	\$15,574,608,100	100.0%	55.1%
STATE OPERATIONS									
UW System	\$1,081,737,400	31.4%	7.8%	\$1,121,613,500	30.9%	7.8%	\$2,203,350,900	31.1%	7.8%
Correctional Operations	947,562,600	27.5	6.8	947,714,100	26.1	6.6	1,895,276,700	26.8	6.7
Judicial and Legal Services	248,825,800	7.2	1.8	247,833,200	6.8	1.7	496,659,000	7.0	1.7
Appropriation Obligation Bonds	190,833,100	5.5	1.4	200,629,300	5.5	1.4	391,462,400	5.5	1.4
State Residential Institutions	171,533,400	5.0	1.2	176,081,700	4.9	1.2	347,615,100	4.9	1.3
Compensation Reserves	62,759,600	1.8	0.5	156,617,900	4.3	1.1	219,377,500	3.1	0.8
H&FS/Workforce Development	113,423,800	3.3	0.8	87,984,200	2.4	0.6	201,408,000	2.9	0.7
Tax Administration	87,701,800	2.5	0.6	90,401,800	2.5	0.6	178,103,600	2.5	0.6
Transportation Debt Service	85,490,700	2.5	0.6	90,414,400	2.5	0.6	175,905,100	2.5	0.6
Natural Resources	77,799,300	2.3	0.6	83,657,200	2.3	0.6	161,456,500	2.3	0.6
Legislature	69,177,300	2.0	0.5	68,365,000	1.9	0.5	137,542,300	1.9	0.5
Other	308,576,000	9.0	2.2	360,434,700	9.9	2.5	669,010,700	9.5	2.4
TOTAL--STATE OPERATIONS	\$3,445,420,800	100.0%	24.8%	\$3,631,747,000	100.0%	25.2%	\$7,077,167,800	100.0%	25.1%
AIDS TO INDIVIDUALS AND ORGANIZATIONS									
Medical Assistance	\$1,682,533,200	60.7%	12.1%	\$1,674,731,900	59.1%	11.7%	\$3,357,265,100	59.9%	11.9%
Milw. Parental Choice & Charter School Programs	160,597,500	5.8	1.2	173,683,000	6.1	1.2	334,280,500	6.0	1.2
Public Assistance	150,108,600	5.4	1.1	150,108,600	5.3	1.1	300,217,200	5.3	1.1
Student Grants and Aids	137,935,200	5.0	1.0	146,366,700	5.2	1.0	284,301,900	5.1	1.0
Supplemental Security Income	133,684,900	4.8	1.0	135,887,200	4.8	0.9	269,572,100	4.8	0.9
Homestead Tax Credit	113,300,000	4.1	0.8	108,800,000	3.8	0.8	222,100,000	4.0	0.8
Other Individual Tax Credits	84,574,600	3.1	0.6	104,435,800	3.7	0.7	189,010,400	3.4	0.7
Prescription Drugs Assistance for Elderly	54,229,100	2.0	0.3	61,826,600	2.2	0.4	116,055,700	2.1	0.4
Foster Care and Adoption Assistance	48,059,700	1.7	0.3	50,408,800	1.8	0.4	98,468,500	1.7	0.3
Milwaukee Child Welfare	12,418,700	0.4	0.1	12,418,700	0.4	0.1	24,837,400	0.4	0.1
Other	192,595,100	7.0	1.4	214,959,900	7.6	1.5	407,555,000	7.3	1.4
TOTAL--AIDS	\$2,770,036,600	100.0%	19.9%	\$2,833,627,200	100.0%	19.8%	\$5,603,663,800	100.0%	19.8%
GRAND TOTAL	\$13,886,722,800		100.0%	\$14,368,716,900		100.0%	\$28,255,439,700		100.0%

TABLE 9

Ten Largest General Fund Programs for 2007-09

	<u>2007-08</u>			<u>2008-09</u>			<u>Total</u>		
	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
Elementary & Secondary School Aids	\$5,291,218,500	38.1%	38.1%	\$5,408,722,100	37.6%	37.6%	\$10,699,940,600	37.9%	37.9%
Medical Assistance	1,682,533,200	12.1	50.2	1,674,731,900	11.7	49.3	3,357,265,100	11.9	49.8
UW System	1,081,737,400	7.8	58.0	1,121,613,500	7.8	57.1	2,203,350,900	7.8	57.6
Shared Revenues	951,991,300	6.8	64.9	952,491,300	6.6	63.7	1,904,482,600	6.7	64.3
Correctional Operations	947,562,600	6.8	71.7	947,714,100	6.6	70.3	1,895,276,700	6.7	71.0
School Levy Tax Credit	593,050,000	4.3	76.0	672,400,000	4.7	75.0	1,265,450,000	4.5	75.5
Community & Juvenile Correctional Services	300,116,200	2.2	78.1	292,254,200	2.0	77.0	592,370,400	2.1	77.6
Judicial and Legal Services	248,825,800	1.8	79.9	247,833,200	1.7	78.8	496,659,000	1.7	79.3
Appropriation Obligation Bonds	190,833,100	1.4	81.3	200,629,300	1.4	80.2	391,462,400	1.4	80.7
State Residential Institutions	<u>171,533,400</u>	<u>1.2</u>	<u>82.5</u>	<u>176,081,700</u>	<u>1.2</u>	<u>81.4</u>	<u>347,615,100</u>	<u>1.2</u>	<u>81.9</u>
Subtotal	\$11,459,401,500	82.5%		\$11,694,471,300	81.4%		\$23,153,872,800	81.9%	
All Other Programs	<u>2,427,321,300</u>	<u>17.5</u>	100.0	<u>2,674,245,600</u>	<u>18.6</u>	100.0	<u>5,101,566,900</u>	<u>18.1</u>	100.0
GRAND TOTAL	\$13,886,722,800	100.0%		\$14,368,716,900	100.0%		\$28,255,439,700	100.0%	

TABLE 10

Summary of General Fund Full-Time Equivalent Positions by Agency

Agency	2006-07 Base	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Number	Percent
Administration	93.86	91.86	91.86	- 2.00	- 2.1%
Agriculture, Trade & Consumer Prot.	219.90	222.40	222.40	2.50	1.1
Arts Board	4.00	4.00	4.00	0.00	0.0
Board on Aging and Long-Term Care	12.53	15.53	15.53	3.00	23.9
Child Abuse and Neglect Prevention Bd.	0.00	1.00	1.00	1.00	N.A.
Children and Families	0.00	0.00	168.30	168.30	N.A.
Circuit Courts	511.00	511.00	513.00	2.00	0.4
Commerce	61.80	61.80	61.80	0.00	0.0
Corrections	9,249.62	9,445.47	9,494.22	244.60	2.6
Court of Appeals	75.50	75.50	75.50	0.00	0.0
District Attorneys	376.40	377.90	380.90	4.50	1.2
Educational Communications Board	37.44	37.44	37.44	0.00	0.0
Elections Board	11.00	0.00	0.00	- 11.00	- 100.0
Employee Trust Funds	3.50	0.00	0.00	- 3.50	- 100.0
Employment Relations Commission	18.50	19.00	19.00	0.50	2.7
Ethics Board	2.30	0.00	0.00	- 2.30	- 100.0
Government Accountability Board	0.00	14.30	14.30	14.30	N.A.
Governor	37.25	37.25	37.25	0.00	0.0
Health and Family Services	2,150.57	2,173.35	2,113.69	- 36.88	- 1.7
Higher Educational Aids Board	11.86	10.50	10.50	- 1.36	- 11.5
Historical Society	106.15	106.15	106.15	0.00	0.0
Judicial Commission	2.00	2.00	2.00	0.00	0.0
Judicial Council	0.00	1.00	1.00	1.00	N.A.
Justice	339.08	358.08	358.08	19.00	5.6
Legislature	768.17	768.17	758.17	- 10.00	- 1.3
Lieutenant Governor	4.00	4.00	4.00	0.00	0.0
Military Affairs	88.82	88.82	88.82	0.00	0.0
Natural Resources	296.85	296.85	296.85	0.00	0.0
Office of State Employment Relations	50.00	50.00	50.00	0.00	0.0
Public Defender	518.45	530.45	530.45	12.00	2.3
Public Instruction	261.47	261.47	261.47	0.00	0.0
Revenue	891.38	895.38	896.38	5.00	0.6
Supreme Court	112.50	115.50	115.50	3.00	2.7
Tourism	38.40	38.40	38.40	0.00	0.0
University of Wisconsin System	18,133.58	18,133.58	18,133.58	0.00	0.0
Wisconsin Technical College System	30.25	30.25	30.25	0.00	0.0
Workforce Development	160.73	162.73	145.62	- 15.11	- 9.4
TOTAL	34,678.86	34,941.13	35,077.41	398.55	1.1%

OVERVIEW

TRANSPORTATION FUND BUDGET

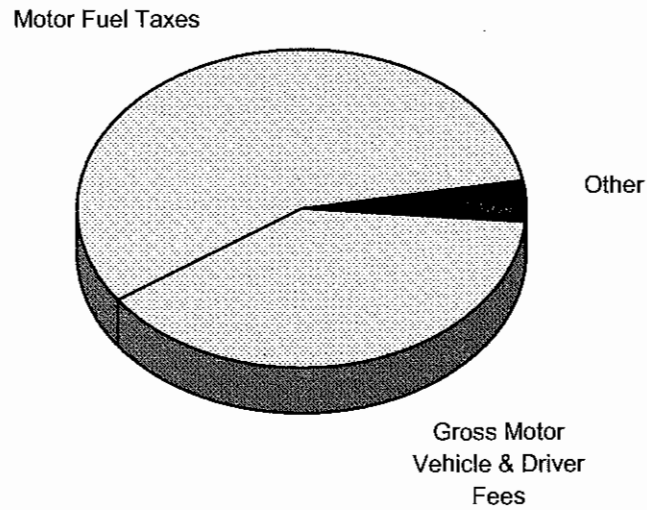
TABLE 11**2007-09 Transportation Fund Condition Statement**

	<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

*Includes \$10,605,300 in 2007-08 and \$24,328,200 in 2008-09 that was placed in the Joint Committee on Finance's supplemental appropriation.

FIGURE 10

Estimated 2007-09 Transportation Fund Revenues



<u>Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Motor Fuel Taxes	\$1,991,600,000	57.0%
Gross Motor Vehicle and Driver Fees*	1,363,989,900	39.0
Railroad Taxes	38,455,200	1.1
Aeronautics Taxes and Fees	19,356,900	0.6
Miscellaneous Revenues**	<u>80,406,000</u>	<u>2.3</u>
TOTAL	\$3,493,808,000	100.0%

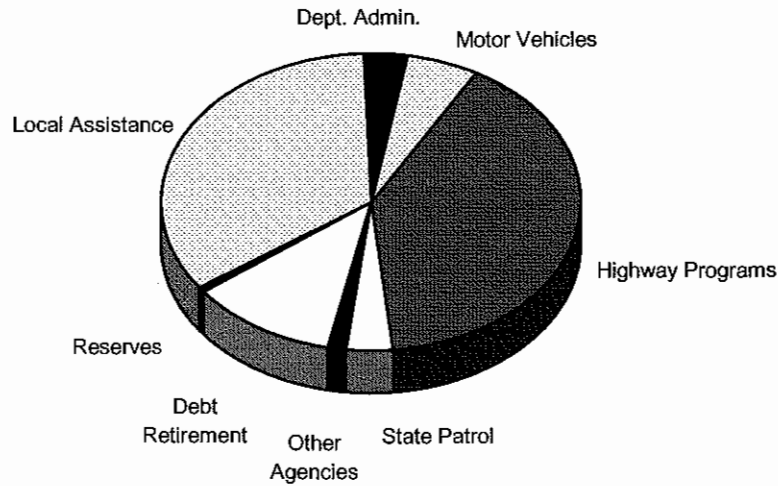
*Total motor vehicle fees before revenue bond debt service is subtracted and deposited to a separate debt service trust fund.

**Includes \$14,000,000 transferred from the petroleum inspection fund.

Note: The July 1, 2007, unappropriated balance of the transportation fund was \$13,713,000. Therefore, the total amount available in the transportation fund for the 2007-09 biennium is estimated to be \$3,507,521,000.

FIGURE 11

**2007-09 Transportation Fund Appropriations
By Category**



<u>Category</u>	<u>Amount</u>	<u>Percent of Total</u>
Highway Programs	\$1,406,355,900	40.1%
Local Assistance	1,191,756,300	34.0
Debt Retirement*	400,808,400	11.4
Division of Motor Vehicles	189,435,600	5.4
Departmental Administration	124,298,400	3.5
Division of State Patrol	123,959,600	3.5
Other Agencies**	50,774,700	1.4
Reserves	<u>21,207,900</u>	<u>0.6</u>
TOTAL	\$3,508,596,800	100.0%

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

**Amounts placed in the Joint Committee on Finance's supplemental appropriation have been subtracted from the other agency category and allocated instead to the program areas from which the supplements were transferred.

NOTE: Lapses to the transportation fund from the appropriations above are estimated to be \$2,000,000 in 2007-09. Therefore, expenditures in the 2007-09 biennium are estimated to be \$3,506,596,800.

OVERVIEW

LOTTERY FUND BUDGET

TABLE 12

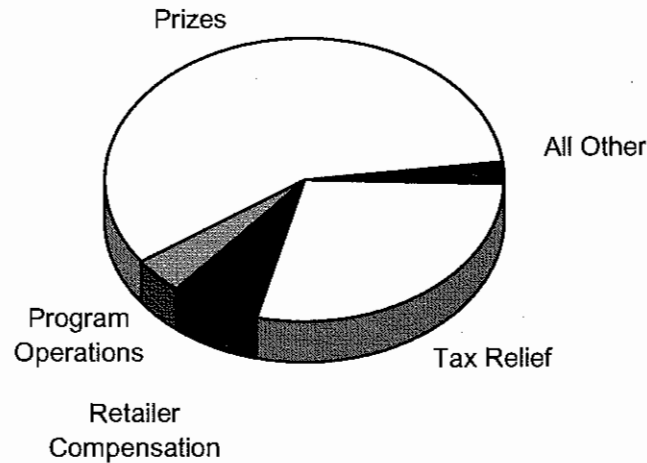
2007-09 Lottery Fund Condition Statement

	<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.

FIGURE 12

2007-09 Lottery Fund Expenditures



	<u>Amount</u>	<u>Percent of Total</u>
Operating Expenditures	(\$734,706,100)	(71.7%)
Prizes	590,943,700	57.7
Retailer Compensation	71,585,400	7.0
General Program Operations	44,384,400	4.3
Vendor Payments	25,821,100	2.5
Appropriations to DOJ and DOR	1,261,200	0.1
Program Reserves	710,300	0.1
Appropriations for Tax Relief	(\$289,627,700)	(28.3%)
Lottery Property Tax Credit	259,627,700	25.3
Farmland Tax Relief Credit	<u>30,000,000</u>	<u>2.9</u>
TOTAL	\$1,024,333,800	100.0%

STATE AGENCY BUDGET SUMMARIES

ADMINISTRATION

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$210,529,100	\$210,193,200	\$221,012,400	\$10,147,400	2.4%	93.86	91.86	91.86	-2.00	-2.1%
FED	166,128,600	166,960,200	166,205,400	908,400	0.3	90.51	67.51	63.51	-27.00	-29.8
PR	321,002,600	341,027,400	345,510,400	44,532,600	6.9	833.21	844.21	844.21	11.00	1.3
SEG	68,083,300	51,456,600	51,456,600	-33,253,400	-24.4	15.10	13.60	13.60	-1.50	-9.9
TOTAL	\$765,743,600	\$769,637,400	\$784,184,800	\$22,335,000	1.5%	1,032.68	1,017.18	1,013.18	-19.50	-1.9%

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Provide standard budget adjustments totaling \$390,000 GPR, \$831,600 FED and -23.0 FED positions, \$3,708,600 PR, and \$36,200 SEG in 2007-08 and \$393,600 GPR, \$76,800 FED and -27.0 FED positions, \$3,708,600 PR, and \$36,200 SEG in 2008-09.

Adjustments are for: (a) turnover reduction (-\$117,100 GPR and -\$1,031,500 PR annually); (b) removal of non-continuing elements from the base (-\$857,000 FED and -23.0 FED positions in 2007-08 and -\$1,611,800 FED and -27.0 FED positions in 2008-09); (c) full funding of continuing salaries and fringe benefits (\$505,100 GPR, \$1,688,600 FED, \$4,142,200 PR, and \$36,200 SEG annually); (d) reclassifications (\$2,000 GPR and \$26,400 PR in 2007-08 and \$5,600 GPR and \$26,400 PR in 2008-09); (e) overtime (\$543,300 PR annually); (f) night and weekend differential (\$28,200 PR annually); and (g) minor offsetting transfers within the same appropriation.

	Funding	Positions
GPR	\$783,600	0.00
FED	908,400	-27.00
PR	7,417,200	0.00
SEG	72,400	0.00
Total	\$9,181,600	-27.00

2. DEBT SERVICE REESTIMATE

Reestimate the agency's debt service costs by -\$2,009,000 GPR and -\$1,223,300 PR in 2007-08 and -\$1,997,400 GPR and -\$1,705,400 PR in 2008-

09 for the following programs: (a) general fund supported principal and interest for educational technology infrastructure in schools (-\$2,122,400 GPR in 2007-08 and -\$2,125,100 GPR in 2008-09); (b) general fund supported principal and interest for the Black Point Estate in Lake Geneva

GPR	-\$4,006,400
PR	-2,928,700
Total	-\$6,935,100

(\$113,400 GPR in 2007-08 and \$127,700 GPR in 2008-09); (c) principal repayment and interest for buildings used to house state agencies (\$515,400 PR in 2007-08 and \$28,600 PR in 2008-09); (d) principal repayment and interest for parking in Madison (\$13,200 PR in 2007-08 and \$12,800 PR in 2008-09); (e) program revenue supported principal and interest for educational technology infrastructure in schools (-\$1,746,200 PR in 2007-08 and -\$1,741,100 PR in 2008-09); and (f) program revenue supported principal and interest for educational technology infrastructure for public library boards (-\$5,700 PR annually).

3. APPROPRIATION OBLIGATION BOND DEBT SERVICE REESTIMATE

GPR-REV	\$48,763,100
GPR	\$9,796,200
GPR-Lapse	\$191,160,300

Provide \$9,796,200 in 2008-09 to meet the required debt service appropriation level associated with the appropriation obligation bonds issued to pay the state's Wisconsin Retirement System unfunded prior service liability as well as its accumulated sick leave conversion credit program liability. This required appropriation level must equal the maximum possible payment that could be made in a given year under the debt structure associated with these obligations and all ancillary agreements related to the obligations. The funding level that is required to be appropriated by Legislature to meet this requirement in the biennium would be \$190,833,100, the current base level amount, in 2007-08 and \$200,639,300 in 2008-09.

Estimate lapses to the general fund of \$93,707,200 in 2007-08 and \$97,453,100 in 2008-09 associated with the following: (a) lapses from agency general fund operations appropriations attributable to the GPR share of debt service on the obligation bonds; and (b) lower than budgeted debt service payments on the bonds. Increase base level GPR-Earned estimates under DOA by \$21,356,400 in 2007-08 and \$27,406,700 in 2008-09 attributable to payments by SEG and PR state agencies to offset a portion of this debt service. Total GPR-Earned from these sources would be \$97,125,900 in 2007-08 and \$103,176,200 in 2008-09.

4. REALIGNMENT OF THE DIVISION OF ENERGY AND CREATION OF AN OFFICE OF ENERGY INDEPENDENCE

SEG	-\$33,000,000
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Delete \$16,500,000 SEG annually for the following: (a) reestimate of energy efficiency and renewable resource public benefits revenues; and (b) the creation of an Office of Energy Independence in the Department.

Reestimate of Public Benefits Revenues. Reduce the estimated public electric utility contributions for energy efficiency and renewable resource grants by \$16,500,000 SEG annually. Currently, funding is provided under a segregated sum sufficient appropriation that is estimated at \$16,500,000 annually. Under current law, effective July 1, 2007, the Department no longer was responsible for administering the energy utility energy efficiency and renewable resource programs. Instead, the Public Service Commission (PSC) now 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).

Creation of an Office of Energy Independence. Create of an Office of Energy Independence within the Department. Specify that the Office would work on initiatives that would have the following goals: (a) advance Wisconsin's vision for energy independence by generating 25% of Wisconsin power and 25% of Wisconsin transportation fuels from renewable resources by 2025; (b) capture 10% of the emerging bio-industry and renewable energy market by 2030; and (c) become a national leader in groundbreaking research that will make alternative energies more affordable and create new, good-paying jobs in Wisconsin.

Specify that the Office be staffed by an executive director and sufficient staff to carry out the following initiatives: (a) ensure and facilitate the implementation of Wisconsin's energy independence initiatives; (b) serve as a single-point of contact to assist businesses, local units of government and nongovernmental organizations that are pursuing bio-development, energy efficiency and energy independence; (c) identify barriers to implementation of the Wisconsin's energy independence initiatives; (d) develop energy independence policy options for consideration by the Governor and state agencies; (e) identify federal funding opportunities and facilitate applications for funding by both state/local government and private entities; and (f) serve as the state energy office and perform duties necessary to maintain federal designation and federal funding.

Transfer of Positions to the Public Service Commission. Provisions of Act 20 provide \$376,400 PR and 5.0 PR positions annually under the PSC and create an energy efficiency and renewable resource programs appropriation for the Commission's costs in oversight of energy utility energy efficiency programs. Act 20 specifies that, on the effective date of the act, all incumbent employees that have responsibility for administering energy conservation and efficiency and renewable resource programs in the DOA's Division of Energy, as determined by the DOA Secretary, must be transferred to the Commission. The transferred employees maintain their status and rights earned at DOA and they do not have to undergo a probationary period under the Commission.

Under Act 20 positions in DOA's Division of Energy associated with the transfer of incumbent employees and administrative duties to the Commission were not deleted. Therefore, DOA retains position authority for these 5.0 positions, to partially staff the Office of Energy Independence.

[Act 20 Sections: 25, 35m, 117m, 215, 217, 699, 2932, 2933, and 9101(2)]

5. FUNDING AND POSITION TRANSFERS

Provide for position transfers totaling -2.0 GPR positions, \$804,400 PR and 3.5 PR positions, and -\$162,900 SEG and -1.5 SEG positions annually. The annual changes under Act 20 are shown in the table below. The transfers are related to the following: (a) transfers of purchasing agent positions into the procurement services appropriation; (b) transfer of positions responsible for accounting, budgeting, and personnel services for the public benefits program to the materials and services to state agencies appropriation; (c) transfer of positions from internal IT support to statewide agency IT support appropriations; (d) transfer of internal facilities management staff to the capital planning and building construction services appropriation; (e) transfer of a geographic information service employee to the Division of Enterprise Technology; and (f) other modifications aligning the funding of positions with staff reassignments.

	Funding	Positions
GPR	\$0	- 2.00
PR	1,608,800	3.50
SEG	- 325,800	- 1.50
Total	\$1,283,000	0.00

Title	Fund Source	Salary and Fringe Benefits	Supplies and Services	Total	Positions
General Program Operations; Supervision and Management	GPR	-\$187,200	\$187,200	\$0	-2.00
Land Information	PR	-\$112,600	\$0	-\$112,600	-1.00
Justice Information System	PR	-337,100	0	-337,100	-3.55
Telecommunications Systems	PR	-775,400	0	-775,400	-7.40
Printing, mail, communication and IT services	PR	1,411,200	0	1,411,200	13.35
Procurement Services	PR	382,300	0	382,300	5.00
Materials and Services to State Agencies	PR	-197,100	197,100	0	-1.65
Capital Planning	PR	188,700	0	188,700	3.00
Financial Services	PR	113,500	0	113,500	1.00
Risk Management	PR	-66,200	0	-66,200	-1.00
Facility Operations and Maintenance; Police and Protection	PR	<u>-257,400</u>	<u>257,400</u>	<u>0</u>	<u>-4.25</u>
PR Total		\$349,900	\$454,500	\$804,400	3.50
General Program Operations; Public Benefits	SEG	<u>-\$162,900</u>	<u>\$0</u>	<u>-\$162,900</u>	<u>-1.50</u>
Total		-\$200	\$641,700	\$641,500	0.00

6. RENTAL COSTS IN STATE-OWNED FACILITIES

PR	\$5,357,800
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Provide \$2,405,300 in 2007-08 and \$2,952,500 in 2008-09 for facility operations and maintenance and police protection functions, including the following: (a) \$1,862,900 in 2007-08 and \$2,410,100 in 2008-09 for fuel and utility increases; and (b) \$542,400 annually for the Continuity of Operations Plan and the Continuity of Government initiative, related to emergency operations space and supplies and services for disaster response and preparedness planning personnel. Delete funding from Department of Corrections' general

program operations appropriation due to payments from the Department of Administration for a portion of the lease for the Continuity of Operations Plan and the Continuity of Government initiative and the integrated business information system. [see "Corrections -- Departmentwide."]

Under current law, the Department assesses rental fees to agencies for state-owned or operated facilities, including custodial and maintenance services, minor projects, fuel and utilities, supplemental costs for child care facilities, and police and protection services.

7. PARKING COSTS IN MADISON

PR	\$240,500
----	-----------

Provide \$105,600 in 2007-08 and \$134,900 in 2008-09 for financing the costs of parking in Madison. Under current law, the Department establishes fees for individuals that use the state-owned parking facilities. The fees must cover the costs of land acquisition and construction, financing, administration, maintenance, and operation of the parking facilities.

8. DIVISION OF HEARINGS AND APPEALS

	Funding	Positions
GPR	\$20,000	0.00
PR	<u>480,000</u>	<u>2.00</u>
Total	\$500,000	2.00

Provide \$10,000 GPR and \$240,000 PR and 2.0 PR positions annually for hearings and appeals related to the following: (a) \$200,000 PR and 2.0 PR positions annually for 2.0 attorney positions that would act as Administrative Law Judges (ALJ) for Department of Corrections cases; and (b) \$10,000 GPR and \$40,000 PR annually related to increased costs of fuel, contract transcription fees, language interpreters, postage, and fees charged by the Department for the procurement services. Funding related the ALJ's would include: (a) \$124,800 PR annually for salaries; (b) \$49,900 PR annually for fringe benefits; and (c) \$25,300 PR annually for supplies and services.

Under current law, the Division of Hearings and Appeals is authorized to hear cases of the Department of Corrections under the following circumstances: (a) upon the request of either party, in a parole violation case in which a revocation is under consideration; and (b) in review of a potential violation of a condition of extended supervision. Currently, the ALJ's that hear these cases are GPR-funded. Act 20 provides PR-funding and position authority. Program revenue will be generated from assessments to the Department of Corrections.

9. RISK MANAGEMENT PROGRAMS -- CLAIMS PAYMENTS ESTIMATE

PR	-\$6,676,000
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Provide adjustments for risk management claims payment costs of -\$3,882,000 in 2007-08 and -\$2,794,000 in 2008-09. The adjustments reflect the following individual risk management program changes: (a) \$91,000 in 2007-08 and \$229,000 in 2008-09 to increase total estimated property claims payments to \$4,142,000 in 2007-08 and \$4,280,000 in 2008-09; (b) -\$3,370,000 in 2007-08 and -\$3,170,000 in 2008-09 to decrease total estimated liability claims payments to

\$5,450,000 in 2007-08 and \$5,650,000 in 2008-09; and (c) -\$603,000 in 2007-08 and \$147,000 in 2008-09 to modify total estimated worker's compensation claims payments to \$15,015,000 in 2007-08 and \$15,765,000 in 2008-09. The funding modifications associated with all of these requested risk management program claims payment changes will be reflected in charges assessed to state agencies for the operation of the state's self-funded risk management program.

10. RISK MANAGEMENT APPROPRIATION FOR OFF-DUTY PEACE OFFICERS

Modify the *Costs and Judgments* appropriation under the risk management program for off-duty peace officer costs from an annual to a sum-sufficient appropriation. Require that, no later than 30 days after the end of each calendar quarter, DOA submit a report to the Joint Committee on Finance detailing all expenditures and encumbrances from the appropriation during that quarter. Base funding for the appropriation is \$0. No increased expenditure estimates is provided under the act.

Under current law, an off-duty police officer in Wisconsin acting outside of his or her jurisdiction is considered to be acting in an official capacity as an officer of the state, state employee, or as an agent of the state for the purposes of civil and criminal liability and worker's compensation benefits. The costs and judgments appropriation funds the state's costs for any civil and criminal liability and worker's compensation benefits.

[Act 20 Sections: 519 and 2921]

11. VOLUNTEER FIREFIGHTER AND EMT SERVICE AWARD PROGRAM

GPR	\$241,600
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Reestimate expenditures from the sum-sufficient appropriation for the Volunteer Firefighter and Emergency Medical Technician (EMT) Service Award program by \$49,400 in 2007-08 and \$192,200 in 2008-09.

Under current law, the volunteer Firefighter and EMT Service Award program provides a cash benefit to volunteer firefighters and EMTs who have at least 10 years of service at retirement or who are killed in the line of duty. Any municipality that operates a volunteer fire department or contracts with a volunteer fire company and any municipality that authorizes volunteer EMTs to provide services are eligible to participate in the program. Municipalities contribute annual amounts toward the benefits directly to the plan provider, and the Board must match all such municipal contributions for current service, up to a maximum of \$283.65 per year per volunteer fire fighter or EMT. The amount of the state's contribution is subject to an annual adjustment for inflation.

The state's contribution is subject to a statutory annual expenditure cap of \$2,000,000 GPR and would be prorated, if the expenditure limit were exceeded. Base level expenditures are currently estimated at \$1,592,800 annually. Under Act 20, funding would be estimated at \$1,641,800 in 2007-08 and \$1,785,000 in 2008-09.

12. RECORDS MANAGEMENT POSITION

	Funding	Positions
PR	-\$141,800	1.00

Provide \$70,900 and 1.0 classified position annually for general support of records management, privacy protection, and contract management funded from assessments against state agencies.

13. OFFICE OF THE WISCONSIN COVENANT

	Funding	Positions
GPR	\$360,400	2.00

Create an Office of the Wisconsin Covenant Scholars Program in the Department of Administration. Specify that the Secretary of DOA must appoint the Director of the Office. Increase the statutory limit on the number of unclassified division administrator positions under DOA by one to reflect the creation of the Director's position. Provide \$180,200 annually in a new appropriation and 1.0 unclassified position and 1.0 classified position beginning in 2007-08 for the Wisconsin Covenant.

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, require DOA to 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 (WCFI), and prevent duplication of effort in conducting those activities.

Require that, if determined to be appropriate by the Secretary of DOA, DOA contract with the WCFI to establish and implement a campaign to promote attendance at nonprofit postsecondary institutions in this state. Require DOA to submit a report to the Legislature on the postsecondary educational promotional activities conducted by WCFI using the appropriated funds annually on July 1 beginning in 2009.

[Act 20 Sections: 25, 26, 35p, 78, 520, and 3006]

14. SENTENCING COMMISSION DELETION

	Funding	Positions
GPR	-\$538,600	-2.00

Delete \$269,300 and 2.0 positions annually associated with the Sentencing Commission. Delete statutory provisions related to the Sentencing Commission. The Sentencing Commission was created in 2001 Act 109 and is attached to DOA. Under Act 20, the sunset of the Commission will occur on July 1, 2007.

[Act 20 Sections: 24, 35, 157, 159, 522, 530, 616, 629, 2995, 3010, 3011, 3879d, 3893, and 9401(1k)]

15. LAND INFORMATION REESTIMATE

PR	\$5,603,200
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Provide a reestimation of the PR-continuing "Land" appropriation of \$2,801,600 annually, which would include: (a) \$2,000,000 for comprehensive planning grants; and (b) \$801,600 for land information grants to counties.

Under 2005 Wisconsin Act 25, the Governor item vetoed portions of the statutory language relating to the appropriation purposes for four separate land information-related appropriations. The Governor's partial veto resulted in the repeal and recreation of a single PR-continuing "Land" appropriation, with a variety of purposes, including: (a) the receipt and expenditure of revenues from county register of deeds offices for issuing copies of legal records; (b) providing comprehensive planning grants; (c) providing grants to counties for operation of land information systems; and (d) administrative costs of the Department related to reviewing proposed municipal incorporations and annexations.

The estimated amounts that remain in the appropriation schedule (base funding of \$276,900 annually) are related to the amounts previously provided for administrative costs of the Department for reviewing proposed municipal incorporations and annexations. Act 20 would add the estimated costs of providing comprehensive planning grants and land information grants to counties to the appropriation.

16. NATIONAL COMMUNITY SERVICE BOARD FUNDING

Require the Department to annually determine the amount of funding for administrative support of the National Community Service Board that is required to qualify for federal assistance to the Board. Specify that DOA must assess these costs to DOA, the Department of Health and Family Services (DHFS), the Department of Public Instruction (DPI), and the Department of Workforce Development (DWD).

Under prior law, the administration of the National Community Service Board appropriation was funded from moneys received from other agencies for support of the Board. The act would explicitly allow DOA to assess DHFS, DPI, and DWD for administrative support funding necessary to match federal grants. Base funding is \$60,300 PR and 1.0 PR position. The act would provide no increase in expenditure authority.

[Act 20 Section: 77]

17. PAYMENTS FOR MIDWESTERN HIGHER EDUCATION COMMISSION

Delete the requirement that DOA make payments for costs of membership the Midwestern Higher Education Compact. Under prior law, the Department was required to make membership payments for the Midwestern Higher Education Compact and make payments to Board members for their actual costs associated with participation on the Board. A separate current law provision [s. 36.11(52)] also requires the UW System Board of Regents to

pay membership costs. This provision deletes DOA's responsibility for making membership payments.

[Act 20 Section: 23]

18. CIVIL LEGAL SERVICES FOR THE INDIGENT

GPR	\$1,000,000
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Provide \$1,000,000 in 2008-09 under a new, GPR annual indigent civil legal services appropriation in DOA's supervision and management program. Beginning in 2008-09, specify that DOA must annually pay the amounts appropriated to the Wisconsin Trust Account Foundation, Inc. Provide that the Foundation would be required to distribute the moneys received as grants to programs that provide civil legal services to indigent persons. Permit programs receiving this grant funding to utilize the grant funds to match other federal and private grants. Specify that the Secretary of DOA must ensure that the Foundation complies with these requirements in order to receive funding.

The Wisconsin Trust Account Foundation, Inc. was created in 1986 by the Wisconsin Supreme Court to receive funding from the interest on lawyers' trust accounts and to provide grants to agencies providing civil legal services to indigent persons.

[Act 20 Sections: 76r and 516e]

19. GRANT FOR THE WISCONSIN TECHNICAL COLLEGE SYSTEM FOUNDATION

GPR	\$219,000
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Provide \$109,500 annually for grants to support administrative costs of the Wisconsin Technical College System Foundation for operating the Department of Defense excess property program.

20. COUNTY MANAGEMENT ASSISTANCE FOR MENOMINEE COUNTY

GPR-REV	-\$200,000
PR	\$200,000

Increase the amounts provided for county management assistance grants to Menominee County by \$100,000 PR annually from tribal gaming revenue.

Under prior law, \$500,000 PR annually from tribal gaming revenues was appropriated to Menominee County for public safety, public health, public infrastructure, public employee training, and economic development. Act 20 increases the total grant amount to \$600,000 annually. Since non-dedicated tribal gaming revenues are deposited in the general fund, this provision reduces revenue to the general fund by \$100,000 annually.

21. INCORPORATION OF THE TOWN OF LEDGEVIEW

Allow the Town of Ledgeview in Brown County to hold a referendum to become a village without fulfilling the current statutory requirements for becoming a village, other than holding the referendum. Specify that Ledgeview and the City of De Pere must enter into a boundary agreement, but that the agreement need not be approved before the referendum is held.

[Act 20 Section: 1875m]

22. CONSOLIDATION OF THE TOWN AND VILLAGE OF ROCHESTER

Authorize the Town and Village of Rochester in Racine County to consolidate if a referendum passes in each municipality approving the consolidation. Specify that the Town and Village would not be required to meet any other current statutory requirement in order to consolidate.

[Act 20 Sections: 1875p thru 1875t]

Information Technology

1. INTEGRATED BUSINESS INFORMATION SYSTEM

PR	\$17,089,200
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Require DOA to implement, operate, maintain, and upgrade an integrated business information system (IBIS) capable of providing information technology services to all executive branch agencies for the following: (a) all financial services (includes accounting, auditing, and payroll); (b) procurement; (c) human resources; and (d) other administrative duties. Allow DOA to provide these services to any executive branch agency as long as the service can be provided efficiently and economically, as determined by the Department. Allow non-executive branch agencies, authorities, and local units of government to participate in IBIS at their own discretion. Specify that DOA may charge these agencies for IBIS only if they participate. Specify, that DOA may charge an agency, authority, or local unit of government for these services in accordance with the methodology determined by the Department.

Provide \$9,062,900 in 2007-08 and \$10,594,500 in 2008-09 under a newly-created PR-continuing appropriation for the receipt of charges to agencies for IBIS services, for the following: (a) \$647,900 in 2007-08 and \$660,100 in 2008-09 for salaries and fringe benefits; (b) \$493,300 annually for limited-term employees; and (c) \$7,921,700 in 2007-08 and \$9,441,100 in 2008-09 for supplies and services. No positions would be created. Specify that the current printing, mail, communications, and information technology appropriation could not be used for IBIS service assessments. Allow the Department to expend monies in excess of the amounts

appropriated under the new appropriation where the depreciated value of equipment purchased is at least equal to the excess expenditures.

Create a PR-continuing appropriation for payments from authorities and local units of government for IBIS system operations. No funding is provided under this appropriation. The Department, however, could expend all moneys received. Modify the current program revenue-supported information technology and communications services; nonstate agencies appropriation to specify that IBIS system charges could not be expended under this appropriation.

Reestimate the amount of funding needed under this appropriation by -\$1,284,100 PR annually related to IBIS costs no longer supported from the procurement services appropriation.

Create two suni sufficient appropriations (one for segregated appropriations and one for program revenue appropriations) that would allow DOA to provide sum-sufficient supplements to state agency appropriations that support IBIS system assessments.

[Act 20 Sections: 128c, 517is thru 517kL, 580i, 580r, and 611p]

2. INFORMATION TECHNOLOGY APPROPRIATION INCREASES AND MODIFICATIONS

PR	\$11,602,100
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Provide \$4,952,200 in 2007-08 and \$6,649,900 in 2008-09 for increased printing, mail, communication and information technology service costs for agencies as follows: (a) \$2,458,000 in 2007-08 for space rental costs, maintenance, fuel and utilities, taxes and fiber optics for the new data center in Madison; (b) \$1,220,700 in 2007-08 and \$1,586,100 in 2008-09 for postage and mail room costs; (c) \$250,000 in 2007-08 and \$2,000,000 in 2008-09 for increased software licenses; (d) \$274,600 in 2007-08 and \$823,800 in 2008-09 for increased mainframe costs; and (e) \$748,900 in 2007-08 and \$2,240,000 in 2008-09 for increased data storage costs. Specify that \$2,352,800 in 2008-09 for data center costs would be provided under the Joint Committee on Finance's PR-supplemental appropriation. Due to the Governor's partial veto, this provision does not specify parameters under which the supplemental funding in 2008-09 could be released.

3. PRINTING, MAIL, COMMUNICATION AND INFORMATION TECHNOLOGY APPROPRIATION

Modify the Department's printing, mail, communication and information technology services to agencies appropriation so that DOA may expend monies in excess of the amounts appropriated, where the depreciated value of equipment purchased is at least equal to the excess expenditures.

[Act 20 Section: 611p]

4. WIRING LOANS

GPR-REV	- \$3,400
GPR	- \$3,400

Provide a reduction of \$1,312,600 annually for loans to school districts (\$1,310,900 annually) and public libraries (\$1,700 annually) for wiring loans and grants. Reestimate the agency's debt service costs related to general fund supported principal and interest for educational technology infrastructure in schools by \$1,310,900 annually. In addition, reestimate GPR-Earned amounts by \$1,310,900 annually for the Department related to federal reimbursement of debt service costs from financing educational technology infrastructure improvements at school districts in the state.

2003 Wisconsin Act 33 sunset the infrastructure financial assistance program which allowed school districts and public libraries to apply for loans and grants to fund the upgrading of electrical wiring in buildings that existed before October 14, 1997, and for installation and upgrades to computer network wiring. The state bonded for the costs of this rewiring. School districts and libraries are required to pay the debt service on the loans which represented 50% of the financial assistance and the state pays the debt service for the grants, which is the other 50% of the assistance. Currently, the state pays the existing debt service using two GPR appropriations (one for school districts and one for public libraries). The Department then transfers the expenses to the federal e-rate appropriation (to the extent that federal funds are available) and the amounts expended from the wiring loan general fund appropriations are lapsed back to the general fund. Because the statutes do not allow for new loans, the amounts expended under these GPR appropriations will continue to decline as bonds are paid off. All bonds will not be paid off for approximately 20 years.

5. ELIGIBLE USES OF FEDERAL E-RATE FUNDS

Specify that any excess federal educational telecommunications access (e-rate) funds could be used to make payments to telecommunications providers for telecommunications services at the following facilities, defined as *educational agencies*: (a) public schools including juvenile correctional facilities, school districts and cooperative educational service agencies; (b) public library boards and systems; (c) private schools; (d) the Wisconsin Center for the Blind and Visually Impaired; and (e) the Wisconsin Educational Services Program for the Deaf and Hard of Hearing. The provision under Act 20 would allow e-rate funds to be used for the purposes identified in items (a) through (e), if funds remain after educational telecommunications wiring loans and administrative costs have been paid.

Under current law, the Department administers an educational telecommunications access program to provide educational agencies with access to data lines and video links. The statutes specify that an educational agency may request access to one data line or video link (school districts with multiple high schools and library systems with more than one library may request additional lines). The educational agency must pay a monthly access fee. The Department is allowed to recover costs that are not supported from these fees from the universal service fund. Also, educational agencies that are eligible for a rate discount for

telecommunications services may request data lines, video links, and bandwidth access that are in addition to what is provided under the state's educational telecommunications program. The Department may provide the additional access, and be reimbursed from fees paid by the educational agencies and from federal e-rate funds.

[Act 20 Section: 529]

6. EDUCATIONAL TELECOMMUNICATIONS ACCESS

Delete the provision allowing DOA to make new grants to private schools or public school districts for payments to telecommunications providers for access to data lines and video links under contracts that were in existence on October 14, 1997.

Under prior law, the Department was allowed to make payments from the universal service fund to the following: (a) public schools including juvenile correctional facilities, school districts and cooperative educational service agencies; (b) private colleges, technical college districts, public library boards and systems and public museums; (c) private schools; (d) the Wisconsin Center for the Blind and Visually Impaired; and (e) the Wisconsin Educational Services Program for the Deaf and Hard of Hearing. Statutes also allowed DOA to make grants to schools that had a contract for the provision of a data line or video link on October 14, 1997, until January 1, 2006. This later provision is deleted under Act 20. Currently, the appropriation funds debt service for agreements made prior to January 1, 2006, which would not change under this provision.

[Act 20 Sections: 129, 531, 532, and 2930]

7. DISTRICT ATTORNEY INFORMATION TECHNOLOGY

	Funding	Positions
PR	\$2,371,600	4.00

Provide \$1,134,800 in 2007-08 and \$1,236,800 in 2008-09 for the following: (a) \$214,800 in 2007-08 and \$286,800 in 2008-09 and 4.0 positions annually for support staff for case management system staff in Milwaukee County; (b) \$220,000 in 2007-08 and \$250,000 in 2008-09 for replacement of hardware for the case management system; (c) \$400,000 annually for software licensing for the case management system; (d) \$100,000 annually for one-time costs relating to creating a case management system interface in Milwaukee County; and (e) \$200,000 annually for one-time data conversion and development in Milwaukee County.

Specify that \$264,800 in 2007-08 and \$278,700 in 2008-09 for the support of ongoing DA IT projects would be supported from the justice information system appropriation rather than a penalty surcharge appropriation.

A portion of the costs of DA IT costs are is funded from the justice information surcharge. The Department of Administration receives \$5 of a \$12 justice information surcharge that is

assessed upon the commencement of certain court proceedings.

8. TRANSFER ENTERPRISE TECHNOLOGY STAFF

Transfer a total of \$562,800 PR and 5.0 PR positions annually to the information technology (IT) and communications services appropriation for non-state agencies from the following appropriations: (a) \$391,700 PR and 3.5 PR positions annually from the printing, mail, communication, and IT services to state agencies appropriation; (b) \$134,600 PR and 1.0 PR position annually from the materials and services to state agencies appropriation; and (c) \$36,500 PR and 0.5 PR position annually from the telecommunications services to state agencies and veterans services appropriation. The Department indicates that the positions transferred will be those related to the educational telecommunications access program.

9. ENTERPRISE TECHNOLOGY APPROPRIATIONS CORRECTIONS

Provide \$2,458,000 annually in the information technology services to non-state agencies appropriation and delete \$2,458,000 annually in the printing, mailing, and information technology services to state agencies appropriation. The Department indicates that the 2005-07 funding adjustments for the Division of Enterprise Technology as a result of 2005 Act 25 should have specified a reduction to the appropriation that supports services to state agencies rather than to the appropriation that serves non-state agencies. This provision would make that modification.

10. INFORMATION TECHNOLOGY REPORTING

Require the following Information Technology (IT) reporting requirements:

a. *Planning for IT Projects in Strategic Plans.* Require DOA, in consultation with other executive branch agencies (except for the UW System), to adopt written policies for executive branch information technology projects that are in excess of \$1 million or are otherwise vital to the functions of an agency. Specify that the policies must: (a) prescribe a standardized format for information technology projects that are included in an agency's annual strategic plan; and (b) require all ongoing and planned information technology projects be included in the annual strategic plan. Specify that an initial copy of these adopted policies must be provided to the Joint Legislative Audit Committee for review and to the Joint Committee on Information Policy and Technology (JCIPT) for approval.

b. *High-Risk Projects and Cost Projections.* Require the Department of Administration to promulgate the following: (a) a methodology for identifying large, high-risk information technology projects; (b) standardized, quantifiable project performance measures for monitoring large, high-risk projects; (c) policies and procedures for routine monitoring of these projects; (d) a formal process for modifying project specifications when doing so is necessary

because of changes in program requirements; (e) requirements for reporting cost or time-line changes to high-risk information technology projects to the Department and the Joint Committee on Information Policy and Technology or the Joint Legislative Audit Committee; (f) methods for discontinuing projects or modifying projects in such a way to correct the performance problems of failing information technology projects; (g) policies and procedures for the use of master leases to finance new information technology system costs, and to maintain current information technology systems; and (h) establishment of a consistent reference point in the development of all IT projects in which an accurate estimate of the costs and timeline can be presented to the Department of Administration and the Joint Committee on Information Policy and Technology.

c. *Use of Off-the-Shelf Systems.* Require DOA to promulgate the following: (a) a requirement that each executive branch agency review commercially available IT products prior to initiating work on customized IT development projects to determine whether a commercially available product will meet the agency needs; (b) procedures and criteria for determining when commercially developed system must be used and when an agency may consider modified or newly created IT products; and (c) before the system is modified or built in-house, an executive branch agency must provide information as to why an off-the-shelf system does not meet the agency's needs, to the satisfaction of DOA.

d. *Use of Master Leases.* By October 1, of each year, require the DOA to provide to the Governor and the members of Joint Committee on Information Policy and Technology a report on the previous fiscal year's information technology projects funded through master lease. 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) principal and interest paid by agencies 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.

e. *Vendor Contracts.* Require DOA or any executive branch agency that is given procurement authority by the Department 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 complete projects without payments that are in addition to the original agreed upon cost. Allow an executive branch agency 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 agency must submit a plain language explanation to DOA which 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 Department to submit the requested exclusion to the JCIPT for approval of the modified contract elements under 14-day passive review.

Require executive branch agencies that have information technology contracts that include open-ended clauses to make quarterly reports to DOA 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 DOA to annually compile these agency submissions for submission to the JCIPT.

f. *Information Provided to Legislative Committees.* Require semiannual reports from the Department of Administration to JCIPT 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 of any stage of the project; (c) the reason for cost or timeline changes under points (a) and (b); (d) contractual information related to an information technology project; (e) the funding sources for the project; (f) the amount of funding provided under a master lease; (g) information on the expected and actual completion of any stage of an information technology project; and (h) any additional information considered important by the Committee related to information technology projects.

[Act 20 Sections: 101d, 128d, 128t, 128v, 2994d, and 9101(8i)]

11. INFORMATION TECHNOLOGY DEVELOPMENT PROJECTS RULES PROMULGATION EXEMPTION

Specify that the written policies DOA is required to develop and adopt under Act 20 for information technology development projects identified in agencies strategic plans are not considered an administrative rule. As a result, the policies would be exempt from the administrative rules process specified under Chapter 227 of the Statutes.

Under Act 20, DOA is required to develop, in consultation with each executive branch agency, and adopt written policies establishing a standardized reporting format for both proposed and ongoing information technology development projects which are included in an agency's strategic plan and either exceed \$1,000,000 or are vital to the functions of the executive branch agency. The act requires DOA to submit any proposed policies and any proposed revisions to the policies to the Joint Legislative Audit Committee for review and to the Joint Committee on Information Policy and Technology for approval.

[Act 20 Section: 2994d]

Office of Justice Assistance

1. TRANSFER OF YOUTH DIVERSION PROGRAM FROM THE DEPARTMENT OF CORRECTIONS

Transfer the administration and grant funding of the youth diversion program from the Department of Corrections to

	Funding	Positions
GPR	\$760,000	0.00
PR	<u>2,239,400</u>	<u>0.50</u>
Total	\$2,999,400	0.50

OJA by: (a) transferring a 0.5 PR grant specialist position and its associated funding of \$24,800 PR annually from Corrections' youth diversion administration appropriation to OJA's law enforcement programs-administration appropriation; (b) revising the title of this OJA appropriation to reflect the transfer of youth diversion administration to OJA; (c) transferring \$300,000 PR annually in grant funding from the Juvenile Correctional Services' interagency and intra-agency aids appropriation to OJA's interagency and intra-agency aids appropriation; (d) transferring the GPR and PR youth diversion grant appropriations and funding of \$380,000 GPR and \$794,900 PR annually from Corrections to OJA; and (e) renumbering the statutory language governing the administration of the program to OJA.

In addition, specify that a \$150,000 annual grant that is currently provided to an organization in the City of Racine's Ward 1, will instead be provided to an organization in Racine's Ward 2. The grant would continue to be provided to the George Bray Neighborhood Center.

Under 2001 Wisconsin Act 16, the youth diversion program was initially transferred from Corrections to OJA. The provisions of 2005 Wisconsin Act 25 transferred the program back to Corrections. During 2005-07, the program was administered by OJA under a memorandum of understanding between Corrections and OJA. Under Act 20, the program is again transferred back to OJA.

Penalty Surcharge Funding. The penalty surcharge provides the funding for the PR youth diversion grant appropriation. Base level funding in the appropriation is \$794,900 PR annually.

Under state statute, grant funding totaling \$1,500,000 annually (\$380,000 GPR, \$820,000 PR from penalty surcharge, and \$300,000 PR from federal funds administered by DHFS) must be allocated in six awards that provide gang diversion services. The statutes specify how much OJA must annually distribute under each of these awards. The penalty surcharge-funded youth diversion program appropriation would remain at \$794,900 PR annually, under Act 20. Reduce the amount available for youth diversion contracts by \$25,100 PR annually to reflect this expenditure authority.

Transition Provisions. On the general effective date of the act, transfer the assets and liabilities, tangible personal property, and contracts of Corrections primarily related to its youth diversion program, as determined by the Secretary of DOA, to OJA. Specify that all incumbent employees of Corrections having duties primarily related to its youth diversion program, as determined by the Secretary of DOA, would be transferred to OJA. Provide that all transferred employees would retain the same rights and employee status in OJA that they enjoyed in Corrections immediately prior to the transfer, and no transferred employee who had attained permanent status in his or her classified position would be required to serve a new probationary period. Specify that the pending matters, and rules and orders of Corrections primarily related to its youth diversion program, as determined by the Secretary of DOA, would become the pending matters, rules and orders of OJA.

[Act 20 Sections: 102, 323, 326, 487, 539, 3126 thru 3128, 9101(5), and 9109(1)]

2. LAW ENFORCEMENT OFFICER SUPPLEMENT GRANTS

GPR	\$900,000
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Provide \$450,000 annually to the law enforcement officer supplement grant program under OJA.

Under current law, the program has base funding of \$1,000,000 GPR annually and the program provides grants to cities to employ additional uniformed law enforcement officers whose primary duty is beat patrolling. A city is eligible to apply for a grant under the program if it has a population of at least 25,000. OJA must make grant awards to the 10 eligible cities submitting applications that have the highest rates of violent crime index offenses in the most recent full calendar year for which data is available from the Federal Bureau of Investigation's uniform crime reporting system. OJA may not award an annual grant in excess of \$150,000 to any one city. The additional grant funding would permit the Office to provide nearly full-funded grants to the ten cities eligible to participate under the program. [An additional \$250,000 GPR annually for City of Milwaukee law enforcement is provided under the Department of Justice law enforcement community policing grants program. See "Justice".]

3. PRESENTENCING ASSESSMENT GRANT TO THE COUNTY WITH THE HIGHEST VIOLENT CRIME RATE

Provide \$500,000 GPR in 2008-09, in the Joint Committee on Finance's GPR supplemental appropriation for possible future release to OJA to provide grant funding to the county with the highest violent crime rate, as reported by OJA, to fund the preparation of presentencing assessments of offenders.

Amend OJA's GPR annual grants for county alcohol and other drug abuse programs appropriation, to permit OJA to provide this grant funding.

Create a non-statutory provision specifying that, by December 1, 2007, the county that has the highest violent crime rate, as reported by OJA, would be required to submit to OJA a plan for conducting presentencing assessments. Upon approval of the plan, OJA would be required to award the county \$500,000 for calendar year 2009. At least 50% of the assessments performed by a county with this grant funding would have to be of persons subject to sentencing in connection with a felony.

The county plan submitted to OJA would have to include all of the following:

- a. Identification of a target group of offenders to assess, from among persons who are convicted of a Class F through I felony, or a misdemeanor.
- b. Assessment of persons in the target group to determine: (1) the risk that they will commit further crimes; (2) their needs that are directly related to criminal behavior; and (3) the likelihood that they will respond positively to community-based treatment for the assessed needs, and an assessment of the availability of community-based treatment programs to serve

the offenders.

c. Collection and dissemination of information relating to the: (1) accuracy of assessments performed; (2) value and usefulness of information contained in the assessment reports for purposes of making sentencing decisions; (3) effectiveness of community-based treatment programs in addressing the assessed needs of offenders; and (4) effect of the treatment programs with respect to recidivism.

d. Annual reevaluation of the plan.

Require OJA to submit the approved plan for the preparation of presentencing assessments of offenders to the Joint Committee on Finance.

[Act 20 Sections: 536 and 9101(4)]

4. GRANTS FOR COUNTY ALCOHOL AND OTHER DRUG ABUSE PROGRAMS

GPR	\$375,000
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Include the following changes to the grants for county alcohol and other drug abuse program.

Program Revenue Funding Changes. Modify the distribution of revenue the state collects from the drug abuse program improvement surcharge so that: (a) the first \$850,000 plus two-thirds of all funds collected in excess of \$1,275,000 in each fiscal year would be credited to a Department of Health and Family Services (DHFS) appropriation that supports programs that provide prevention, intervention, and treatment for alcohol and other drug abuse problems; and (b) all moneys in excess of \$850,000 and up to \$1,275,000, plus one-third of moneys in excess of \$1,275,000 would be credited to an OJA appropriation to fund grants to enable counties to establish and operate programs, including suspended and deferred prosecution programs and programs based on principles of restorative justice, that provide alternatives to prosecution and incarceration for criminal offenders who abuse alcohol or other drugs. Specify that the new allocations would take effect on July 1, 2007. Under prior law, as of July 1, 2007, two-thirds of all moneys from the surcharge were credited to the DHFS appropriation and one-third of the surcharge revenues were credited to the OJA appropriation.

Provisions of 2005 Wisconsin Act 25 created the OJA grant program for counties. Act 25 created an annual GPR appropriation under OJA for making grants and evaluating the program, but provided no funding. Act 25 also created a continuing PR appropriation under OJA for grant funding. Program revenue for this latter appropriation is provided from the drug abuse program improvement surcharge and from a \$10 drug offender diversion surcharge to be assessed for property crime convictions under Chapter 943 of the statutes.

GPR Grant Funding to the County that has the Highest Violent Crime Rate. Provide \$375,000 GPR in 2007-08, for a grant to the county that has the highest violent crime rate (Milwaukee County), as reported by OJA, to enable the county to establish and operate programs, including

suspended and deferred prosecution programs and programs based on principles of restorative justice, that provide alternatives to prosecution and incarceration for criminal offenders who abuse alcohol or other drugs.

Specify that, by December 1, 2007, the county with the highest violent crime rate, as reported by OJA, would have to submit an application to OJA to receive this grant funding. Upon approval of the application, OJA would be required to award the county \$375,000 for calendar year 2008. For the county to be eligible for the grant, all of the following current law provisions would have to apply:

a. The county's program would have to be designed to meet the needs of a person who abuses alcohol or other drugs and who may be or has been charged with or who has been convicted of a crime in that county related to the person's use or abuse of alcohol or other drugs.

b. The program would have to be designed to promote public safety, reduce prison and jail populations, reduce prosecution and incarceration costs, reduce recidivism, and improve the welfare of participants' families by meeting the comprehensive needs of participants.

c. The program would have to establish eligibility criteria for a person's participation. The criteria would have to specify that a violent offender is not eligible to participate in the program. A "violent offender" is one of the following: (1) a person who has been charged with or convicted of an offense in a pending case and, during the course of the offense, the person carried, possessed, or used a dangerous weapon, the person used force against another person, or a person died or suffered serious bodily harm; or (2) a person with one or more prior convictions for a felony involving the use or attempted use of force against another person with the intent to cause death or serious bodily harm.

d. Services provided under the program would have to be consistent with evidence-based practices in substance abuse and mental health treatment, as determined by DHFS, and the program would have to provide intensive case management.

e. The program would have to utilize graduated sanctions and incentives to promote successful substance abuse treatment.

f. The program would have to provide holistic treatment to its participants and provide them services that may be needed, as determined under the program, to eliminate or reduce their use of alcohol or other drugs, improve their mental health, facilitate their gainful employment or enhanced education or training, provide them stable housing, facilitate family reunification, ensure payment of child support, and increase the payment of other court-ordered obligations.

g. The program would have to be designed to integrate all mental health services provided to program participants by state and local government agencies and other organizations. The program would have to require regular communication among a participant's substance abuse treatment providers, other service providers, the case manager, and any person designated under the program to monitor the person's compliance with his or her obligations under the program and any probation, extended supervision, and parole agent assigned to the participant.

h. The program would have to provide substance abuse and mental health treatment services through DHFS-certified providers.

i. The program would have to require participants to pay a reasonable amount for their treatment, based on their income and available assets, and pursue and use all possible resources available through insurance and federal, state, and local aid programs, including cash, vouchers, and direct services.

j. The program would have to be developed with input from, and implemented in collaboration with, one or more circuit court judges, the district attorney, the state public defender, local law enforcement officials, county agencies responsible for providing social services, including services relating to alcohol and other drug addiction, child welfare, mental health, and the Wisconsin works program, the departments of corrections and health and family services, private social services agencies, and substance abuse treatment providers.

k. The county would have to comply with other eligibility requirements established by OJA to promote the objectives listed under a. and b. above.

[Act 20 Sections: 3866, 9101(3), and 9407(1)]

5. FEDERAL BYRNE JUSTICE ASSISTANCE GRANT FUNDING

Direct OJA to utilize 44% of the federal fiscal year (FFY) 2007 and 2008 Byrne Justice Assistance Grant awards to support local multijurisdictional enforcement groups (MEGs). Multijurisdictional enforcement groups are cooperative multi-agency law enforcement efforts to prosecute criminal drug violations of Chapter 961 (the Uniform Controlled Substances Act). As in prior biennia, under 2005 Wisconsin Act 25, the Legislature identified the highest priority for Byrne funding to be the support of local MEGs. Under Act 25, the Legislature approved utilizing 44% of the projected available Byrne funding for the support of MEGs. This provision would ensure that available Byrne funding be utilized in like proportion as in 2005-07 to support local MEGs. [See "District Attorneys."]

Direct OJA to allocate \$58,000 FED annually in Byrne funding during 2007-09, to an entity in Dane County for the employment of a full-time youth court coordinator to expand the number of youth courts in the County. The intent of the funding is to support the youth court activities of the Dane County Timebank, Inc.

[Act 20 Sections: 9101(6L)&(7t)]

6. CHILD ADVOCACY CENTERS

GPR	\$240,000
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Provide \$240,000 in 2008-09, to OJA under a new GPR annual child advocacy centers appropriation to provide annual grants of \$20,000 to each of the following 12 child advocacy centers for education, training, medical advice, and quality assurance activities: (a) Care House

in Rock County; (b) Child Protection Center in Milwaukee County; (c) Safe Harbor in Dane County; (d) Kenosha Child Advocacy Center in Kenosha County; (e) Fox Valley Child Advocacy Center in Winnebago County; (f) Stepping Stones in La Crosse County; (g) CARE Center in Waukesha County; (h) Child Advocacy Center of Northeastern Wisconsin in Marathon County; (i) Chippewa County Child Advocacy Center; (j) a child advocacy center in Brown County; (k) a child advocacy center in Racine County; and (l) a child advocacy center in Walworth County. The intent of child advocacy centers is to provide comprehensive services for child victims and their families by coordinating services from law enforcement and criminal justice agencies, child protective services, victim advocacy agencies, and health care providers.

[Act 20 Sections: 125g and 536m]

7. GRANT FOR WISCONSIN CASA ASSOCIATION

Direct OJA to provide a grant of \$150,000 FED annually during 2007-09 only, to the Wisconsin CASA (court-appointed special advocates) Association for the support, assistance, and development of court-appointed special advocate programs. Direct OJA to fund the grants from amounts received under the federal Byrne Justice Assistance Grant Program. In abuse and neglect cases, a court-appointed special advocate may provide information to the court regarding the best interests of a child.

[Act 20 Section: 9101(6Lj)]

8. MOBILE DATA COMPUTERS FOR THE CITY OF FORT ATKINSON

Direct OJA to provide a grant of \$61,400 FED in 2007-08, funded with federal criminal justice-related grant funds, to purchase mobile data computers for law enforcement vehicles for the City of Fort Atkinson.

[Act 20 Section: 9101(6f)]

9. GRANT FOR COPS-N-KIDS READING PROGRAM

Direct OJA to provide a three-year grant totaling \$112,500 FED, effective January 1, 2008, to the Cops-n-Kids Reading Program in the City of Racine. The Office previously provided a three-year grant totaling \$112,500 FED, funded with federal juvenile justice funding, to support this program which expires on December 31, 2007. Under this provision, the Legislature would direct the Office to provide an additional three-year grant.

[Act 20 Section: 9101(7h)]

10. EMERGENCY GENERATOR FOR THE TOWN OF SUMNER IN JEFFERSON COUNTY

Direct OJA to provide a grant of \$10,000 FED in 2007-08, funded with federal homeland security grant dollars, to purchase an emergency generator for the Town of Sumner in Jefferson County.

[Act 20 Section: 9101(7f)]

Division of Gaming

1. DELETE RACING REGULATORY POSITIONS

	Funding	Positions
PR	-\$214,300	-2.00

Delete \$91,800 in 2007-08 and \$122,500 in 2008-09 and 2.0 positions annually for general program operations for racing regulation. The decrease reflects declining workload due to the closure of the Geneva Lakes Kennel Club racetrack. The positions are currently vacant.

2. POSITIONS FOR TRIBAL GAMING VENDOR BACKGROUND INVESTIGATIONS

	Positions
PR	2.00

Authorize 2.0 positions annually to conduct background investigations of vendors contracting with tribes for supplies and services relating to tribal gaming. Under current law, in accordance with an Indian gaming compact or with the regulations of, or an agreement with, the National Indian Gaming Commission, DOA is required to certify and conduct background investigations of a person proposing to be an Indian gaming vendor. The Department indicates it currently contracts for the background investigations of vendors and the investigations could be conducted at a lower cost by state personnel. The act authorizes 2.0 auditor positions. Funding for the positions is reallocated from supplies and services (\$105,100 in 2007-08 and \$140,100 in 2008-09).

3. TRIBAL GAMING APPROPRIATIONS AND GENERAL FUND REVENUE

Appropriate \$28,211,200 in 2007-08 and \$29,006,000 in 2008-09 in tribal gaming revenue paid to the state under the amended tribal gaming compacts. The appropriations include: (a) allocations totaling \$26,268,400 in 2007-08 and \$27,063,200 in 2008-09 to various state agencies for programs unrelated to tribal gaming regulation or law enforcement; and (b) appropriations for the regulation of tribal gaming in DOA [\$1,811,200 annually], and tribal gaming law enforcement in the Department of Justice (DOJ) [\$131,600 annually]. Where there is a net fiscal

change associated with any of these appropriations (other than standard budget adjustments), it is included under the budget summaries of the affected agency.

Tribal revenue paid to the state is based on provisions in the amended state-tribal gaming compacts, signed in 2003 by 10 of the 11 Wisconsin tribes. [The Lac du Flambeau did not conclude any 2003 amendments to their compact with the state.] Under the amendments, tribes are scheduled to make payments to the state based on a percentage of net revenue (gross revenue minus winnings) in the 2007-09 biennium. The percentages used to calculate state payments vary by tribe and, in some cases, vary by year for the same tribe.

Under current law, Indian gaming receipts are credited to: (a) the DOJ Indian gaming law enforcement appropriation; (b) the DOA general program operations appropriation relating to Indian gaming regulation under the compacts; and (c) a DOA appropriation for Indian gaming receipts in the amount necessary to make all the transfers specified under the appropriation to other state programs. Indian gaming receipts not otherwise credited to these appropriation accounts are deposited in the general fund.

Under Act 20, tribal gaming revenues in the 2007-09 biennium are projected to total \$124,153,000 in 2007-08 and \$74,523,500 in 2008-09. These projections assume that all outstanding prior-year payments due from the Ho-Chunk Nation will have been made by the end of 2007-08.

The general fund summary included in Act 20 shows tribal gaming general fund revenue totaling \$96,731,600 in 2007-08 and \$46,250,700 in 2008-09. The following table shows the calculation of the general fund revenue amounts under the act.

**2007-09 Tribal Gaming General Fund Revenue
Act 20**

	<u>2007-08</u>	<u>2008-09</u>
Tribal Payments	\$124,153,000	\$74,523,500
Appropriations of Tribal Revenue	28,211,200	29,006,000
Revenue and Expense Adjustments*	789,800	733,200
General Fund Revenue**	96,731,600	46,250,700

* Adjustments = miscellaneous revenues - budgeted compensation and other reserves.

** General fund revenue = Tribal payments - appropriations + adjustments.

Under the act, tribal gaming revenue is appropriated to 14 state agencies, in 40 program areas, including the DOA regulation and DOJ enforcement appropriations. Each of these program areas is listed and briefly described in the following table. Note that the Indian child high-cost out-of-home care placement program (Items #4 and #9) is funded in each year of the biennium, but under the Department of Health and Family Services in 2007-08 and the Department of Children and Families in 2008-09.

**2007-09 Tribal Gaming Revenue Appropriations
Act 20**

<u>Agency</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>2007-08</u>	<u>2008-09</u>	
1 Administration	\$600,000	\$600,000	County management assistance grant program.
2 Administration	250,000	250,000	UW-Green Bay and Oneida Tribe programs.
3 Arts Board	25,200	25,200	State aid for American Indian arts.
4 Children and Families	0	500,000	Indian child high-cost out-of-home care placements.
5 Commerce	112,800	112,800	American Indian economic liaison and gaming grants specialist and program marketing.
6 Commerce	94,000	94,000	American Indian economic development technical assistance grants.
7 Commerce	1,538,700	2,188,700	Gaming economic development and diversification grants and loans.
8 Commerce	488,700	488,700	Physician, Dentist, Dental Hygienist and Health Care Provider Loan Assistance Programs.
9 Health and Family Services	500,000	0	Indian child high-cost out-of-home care placements.
10 Health and Family Services	500,000	500,000	Elderly nutrition; home-delivered and congregate meals.
11 Health and Family Services	120,000	120,000	American Indian health projects.
12 Health and Family Services	271,600	271,600	Indian aids for social and mental hygiene services.
13 Health and Family Services	500,000	500,000	Indian substance abuse prevention education.
14 Health and Family Services	1,070,000	1,070,000	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
15 Health and Family Services	800,000	800,000	Health services: tribal medical relief block grants.
16 Health and Family Services	150,000	150,000	Minority health program and public information campaign grants.
17 Higher Education Aids Board	787,600	787,600	Indian student assistance grant program for American Indian undergraduate or graduate students.
18 Higher Education Aids Board	414,000	424,000	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
19 Historical Society	261,200	261,200	Northern Great Lakes Center operations funding.
20 Historical Society	0	127,600	Collection preservation storage facility.
21 Justice	708,400	708,400	County-tribal law enforcement programs: local assistance.
22 Justice	91,500	91,500	County-tribal law enforcement programs: state operations.

<u>Agency</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>2007-08</u>	<u>2008-09</u>	
23 Justice	\$550,000	\$550,000	County law enforcement grant program.
24 Justice	780,000	780,000	Tribal law enforcement grant program.
25 Natural Resources	3,000,000	3,000,000	Transfer to the fish and wildlife account of the conservation fund.
26 Natural Resources	103,600	104,300	Management of an elk reintroduction program.
27 Natural Resources	162,700	162,900	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
28 Natural Resources	100,000	100,000	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
29 Natural Resources	1,196,900	1,204,800	State snowmobile enforcement program, safety training and fatality reporting.
30 Natural Resources	62,600	62,600	Reintroduction of whooping cranes.
31 Shared Revenue	0	0	Farmland tax relief credit payments by tribes with casinos associated with certain pari-mutuel racetracks. (No allocations are made in the 2007-09 biennium.)
32 Tourism	101,600	101,600	Limited-term employees to operate or staff Wisconsin travel information centers.
33 Tourism	9,149,400	9,149,400	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
34 Tourism	32,300	32,300	Law enforcement services at the Kickapoo Valley Reserve.
35 University of Wisconsin System	261,700	260,100	Ashland full-scale aquaculture demonstration facility debt service payments.
36 University of Wisconsin System	402,100	402,100	Ashland full-scale aquaculture demonstration facility operational costs.
37 Veterans Affairs	56,000	56,000	Grants to assist American Indians in obtaining federal and state veterans benefits.
38 Veterans Affairs	75,800	75,800	American Indian services veterans benefits coordinator position.
39 Veterans Affairs	0	0	Operation of Wisconsin Veterans Museum. (No allocations are made in the 2007-09 biennium.)
40 Wisconsin Technical College System Board	600,000	600,000	Grants for work-based learning programs.
41 Workforce Development	<u>350,000</u>	<u>350,000</u>	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
Subtotal (Non-Regulatory Items)	\$26,268,400	\$27,063,200	

<u>Agency</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>2007-08</u>	<u>2008-09</u>	
42 Administration	\$1,811,200	\$1,811,200	General program operations for Indian gaming regulation under the compacts.
43 Justice	<u>131,600</u>	<u>131,600</u>	Investigative services for Indian gaming law enforcement.
Subtotal (Regulation/Enforcement)	\$1,942,800	\$1,942,800	
Total Appropriations	\$28,211,200	\$29,006,000	

[Act 20 Section: 175]

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
				Amount					Number	%
GPR	\$27,854,200	\$29,715,400	\$30,365,600	\$4,372,600	7.8%	219.90	222.40	222.40	2.50	1.1%
FED	7,627,700	14,984,000	14,984,000	14,712,600	96.4	71.95	70.95	70.95	- 1.00	- 1.4
PR	19,634,700	20,254,600	20,262,800	1,248,000	3.2	183.40	182.90	182.90	- 0.50	- 0.3
SEG	<u>22,929,100</u>	<u>28,314,000</u>	<u>30,286,000</u>	<u>12,741,800</u>	27.8	<u>97.12</u>	<u>97.12</u>	<u>97.12</u>	<u>0.00</u>	0.0
TOTAL	\$78,045,700	\$93,268,000	\$95,898,400	\$33,075,000	21.2%	572.37	573.37	573.37	1.00	0.2%
BR		\$7,000,000								

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Provide adjustments for: (a) turnover reduction (-\$151,400 GPR annually and -\$71,400 PR annually); (b) full funding of salaries and fringe benefits (\$1,936,600 GPR, \$217,700 FED, \$435,200 PR and \$534,500 SEG annually); (c) reclassifications (\$43,800 PR in 2007-08 and \$52,000 PR in 2008-09 and \$14,800 SEG in 2007-08 and \$21,800 SEG in 2008-09); and (d) minor transfers within the same alpha appropriation (transfer 1.0 GPR position from meat inspection to food safety and 1.0 GPR position from the office of agricultural statistics to the office of the secretary and management services).

GPR	\$3,570,400
FED	435,400
PR	823,400
SEG	<u>1,105,600</u>
Total	\$5,934,800

2. SOIL AND WATER RESOURCE MANAGEMENT

Provide an additional \$6,000,000 beginning in 2008-09 from the nonpoint account of the segregated environmental fund primarily for county cost-share grants to landowners for nutrient management planning and manure management grants. Under administrative rule ATCP 50, all farmers must implement a nutrient management plan by 2008 in order to meet DNR runoff pollution performance standards (currently, only farmers near outstanding and exceptional resource waters are required to implement a nutrient management plan).

SEG	\$6,000,000
BR	\$7,000,000

In addition, increase general obligation bonding authority by \$7,000,000 for the soil and water resource management program. Bonding revenue will be used to provide cost-share

grants to counties for land and water resource management projects and animal waste best management practices. The Department of Agriculture, Trade and Consumer Protection (DATCP) was previously authorized \$26,075,000 in bonding for these activities.

[Act 20 Section: 596]

3. FEDERAL REVENUE REESTIMATES

FED	\$14,405,200
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Provide increased expenditure authority of \$7,202,600 annually in various federal appropriations to align expenditure authority with projected revenue levels. The table below depicts the increases by appropriation.

<u>Appropriation</u>	<u>Annual Amount</u>
Food safety inspection	\$143,400
Meat safety inspection	112,800
Animal Health	2,497,300
Marketing services	3,001,800
United State Department of Agriculture funding	143,300
Central office and services funding	<u>1,304,000</u>
Total	\$7,202,600

The increase in the animal health appropriation is due to a variety of federal animal health grants, primarily related to Johne's disease and chronic wasting disease.

The marketing services increase is predominantly due to \$4.5 million in federal grants received for the value added dairy initiative.

The majority of the central services increase is due to a \$1.75 million federal grant to be used for the development and implementation of the state's animal premises registration system.

4. DEBT SERVICE PAYMENTS

GPR	-\$309,200
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Delete \$554,000 in 2007-08 and provide \$244,800 in 2008-09 for debt service estimates for general obligation bonds issued for the following purposes: (a) \$100 in 2007-08 and -\$200 in 2008-09 for animal health facilities; (b) -\$1,682,100 in 2007-08 and -\$1,498,700 in 2008-09 for the conservation reserve enhancement program; and (c) \$1,128,000 in 2007-08 and \$1,743,700 in 2008-09 for the soil and water resource management program.

5. AGRICULTURAL CHEMICAL CLEANUP FUND TRANSFERS

PR-REV	\$600,000
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Transfer \$250,000 in 2007-08 and \$100,000 in 2008-09 from the segregated agricultural

chemical cleanup (ACCP) fund to DATCP's food regulation program revenue appropriation account.

In addition, transfer \$125,000 in 2007-08 and \$125,000 in 2008-09 from the ACCP fund to DATCP's animal health inspection, testing and enforcement program revenue appropriation account.

The agricultural chemical cleanup (ACCP) fund supports the cleanup of fertilizers and nonhousehold pesticides, including spills occurring at commercial fertilizer blending facilities, commercial pesticide application businesses and farm sites. Revenues collected by the ACCP fund consist of fertilizer and pesticide license and tonnage surcharges. The ACCP had revenues of \$3.8 million in 2005-06 with expenditures of \$2.1 million.

DATCP's food regulation appropriation is used by the Department (along with GPR funds) to administer the state's food safety program. Fees deposited to this fund are derived from a variety of producer and licensing fees, including food product inspection fees, dairy and cheese plant, milk hauler and producer license fees, food warehouse and processing plant fees, and food establishment fees. In 2005-06 the food safety PR account had revenues of \$4.0 million with expenditures of \$4.5 million.

DATCP's animal health inspection, testing and enforcement appropriation supports DATCP staff who work in the Department's animal health program. Revenues deposited to this appropriation come from animal market, animal dealer, trucker licenses, and deer farm and aquaculture registrations. In 2005-06 the PR account had revenues of \$313,000 with expenditures of \$475,000.

[Act 20 Sections: 9203(1)&(2)]

6. AGRICULTURAL CHEMICAL CLEANUP SURCHARGE

SEG-REV - \$1,810,500

Reduce fees and surcharges deposited to the ACCP fund as follows (generally consistent with a 30% fee reduction): (a) reduce the fertilizer license surcharge from \$20 (the current statutory maximum) to \$14 effective with fertilizer sold July 1, 2007 (for the license year that begins August 15, 2007); (b) reduce the fertilizer tonnage surcharge from 63¢ to 44¢ per ton effective with fertilizer sold on July 1, 2007; (c) reduce the pesticide application business surcharge to \$55 from \$38, the pesticide dealer - restricted use surcharge from \$40 to \$28, and the pesticide individual applicator surcharge from \$20 to \$14 effective with the license year beginning January 1, 2008; and (d) reduce the pesticide registration nonhousehold surcharge from \$5 to \$3.50 for products with sales up to \$25,000, from \$170 to \$120 for products with sales of \$25,000 to \$74,999, and from 1.1% of gross revenues to 0.75% of gross revenues for products with sales of \$75,000 or greater, effective with the payment period beginning on October 1, 2007 (for the license year beginning on January 1, 2008). These fee reductions are expected to reduce revenues deposited to the ACCP fund by \$765,400 in 2007-08 and \$1,045,100 in 2008-09.

[Act 20 Sections: 2595n thru 2595w, 2596e, 2596g, 2598e, 2598f, and 9303(1v)]

7. AGRICULTURAL CHEMICAL POLLUTION PREVENTION

Allow DATCP to provide financial assistance to businesses for the costs of capital improvements designed to prevent pollution from agricultural chemicals, and limit these grants to \$250,000 SEG annually from the agricultural chemical cleanup program (ACCP) fund. The total combined grant provided to a site for pollution prevention and agricultural chemical cleanup from the ACCP may not exceed \$500,000. DATCP is provided base funding of \$3,000,000 annually from the ACCP for the cleanup of fertilizer and pesticide spills. Maximum agricultural chemical cleanup reimbursement grants under the program are \$294,375 for commercial sites and \$297,750 for non-commercial sites.

In addition, specify that a pollution prevention grant not exceed 50% of project costs. Further, require DATCP to promulgate an administrative rule defining eligible recipients, eligible projects and allowable costs for pollution prevention grants.

[Act 20 Sections: 194 and 2599]

8. MANURE MANAGEMENT ADVISORY SYSTEM

SEG	\$115,000
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Provide \$75,000 in 2007-08 and \$40,000 in 2008-09 from the agrichemical management (ACM) fund to establish and operate an online manure management and advisory system to assist farmers and manure applicators in identifying the least risky fields and times to apply manure. The \$75,000 provided in 2007-08 is to fund one-time development costs, while the \$40,000 provided beginning in 2008-09 would fund ongoing maintenance costs and hard copy materials for farmers without access to the online website.

9. CLEAN SWEEP FUNDING

SEG	\$579,200
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Provide \$289,600 annually from the recycling fund for the clean sweep program, which provides grants to counties to fund the collection and disposal of agricultural and household hazardous materials. The act increases base funding from \$710,400 recycling fund SEG annually, to \$1 million.

In addition, specify that a clean sweep grant may not exceed 75% of project costs, and require DATCP to allocate two-thirds of available clean sweep funding for household waste collection grants (consistent with DATCP's 2007 allocations).

Further, specify that DATCP may make grants under the clean sweep program to fund the costs of collecting unused or unwanted pharmaceuticals. Specify that DATCP may promulgate an emergency rule, without the finding of an emergency, to allow the Department to make clean sweep grants for the collection of prescription drugs.

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.

[Act 20 Sections: 2594g, 2594i, and 9103(1k)]

10. OFFICE OF PRIVACY PROTECTION

Transfer 1.5 positions associated with the Office of Privacy Protection (OPP) from FED to GPR, and 1.5 OPP positions from FED to PR. Provide DATCP \$102,300 GPR annually and \$102,300 PR annually to support the office and delete \$170,500 FED annually. As a result, DATCP is provided with 3.0 positions for the OPP with 1.5 PR positions supported by the Office of the Commissioner of Insurance (OCI) revenues and 1.5 positions supported by GPR. (OCI is provided \$102,300 PR annually to transfer to DATCP to partially support the OPP. This funding is addressed separately under Insurance.)

	Funding	Positions
GPR	\$204,600	1.50
FED	- 341,000	- 3.00
PR	<u>204,600</u>	<u>1.50</u>
Total	\$68,200	0.00

The Office of Privacy Protection was created by executive order of the Governor in April, 2006. The OPP networks and consults with government agencies, law enforcement and businesses on privacy issues, and handles DATCP's identity theft complaints and investigations. The three positions associated with the OPP were administratively created by DATCP and the Department of Administration under a federal appropriation.

11. PROGRAM REVENUE REESTIMATES

PR	\$433,000
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Provide increased expenditure authority of \$216,500 annually. Of this amount, \$195,000 annually is recommended from a variety of weights and measures inspection related fees (including fertilizer, commercial feed, retail food establishment, vehicle sale and petroleum meter fees) for increased rent costs associated with the Department's new weights and measures inspection laboratory (the remaining \$21,500 is for agricultural impact statements).

12. REVENUE AND POSITION ADJUSTMENTS

Transfer \$43,900 GPR with 0.5 economist position from food safety to DATCP's central administrative services. Further, transfer \$76,900 GPR with 1.0 information systems development position from animal health to DATCP's central administrative services.

	Funding	Positions
FED	\$ 213,000	2.00
PR	<u>-213,000</u>	<u>-2.00</u>
Total	\$0	0.00

Further, provide \$106,500 FED and 2.0 FED positions annually and delete \$106,500 PR and 2.0 PR positions annually to reflect anticipated revenues and modified position duties.

Annual PR adjustments would be as follows.

<u>Appropriation</u>	<u>Funding</u>	<u>Positions</u>
Fruit and vegetable inspection	-\$55,900	-1.50
Ozone-depleting refrigerants registration	5,700	0.15
Food regulation	-54,900	-1.05
Weights and measures inspection	13,400	0.35
Plant protection	2,600	0.05
Telephone solicitation	19,100	0.50
Administrative services	<u>-36,500</u>	<u>-0.50</u>
Total	-\$106,500	-2.00

The net result of the PR modifications would be to eliminate 2.55 fruit, vegetable and related food safety inspectors and a 0.5 communications specialist position, and provide fractions of position increases, totaling 1.05 positions, to the ozone-depleting refrigerants registration, weights and measures inspection, plant protection and telephone solicitation appropriations, yielding a net reduction of 2.0 PR positions.

Annual FED adjustments include providing \$161,800 and 3.0 positions to DATCP's federal indirect cost reimbursement (FICR) appropriation and deleting \$55,300 and 1.0 executive staff assistant position from the food safety appropriation.

The cumulative effect of these modifications is to delete 4.05 positions related to food safety inspection and create equal position authority in other appropriations, predominantly for DATCP's central administration (3.5 positions).

13. APPROPRIATION ELIMINATIONS AND CHANGES

Delete statutory authority and appropriations associated with the following programs that have been sunset or are no longer in use: (a) ethanol producer grant program; (b) drainage board grants; and (c) pesticide sales and use reporting system development.

In addition, delete DATCP's agricultural chemical cleanup program GPR appropriation and statutory references to this appropriation.

Further, delete DATCP's farmer tuition assistance grants appropriation.

Moreover, rename DATCP's "marketing services" division, to the "agricultural development services" division, and change the associated statutory (including appropriation) references.

Under the ethanol producer grant program, qualifying producers were eligible for annual payments of up to 20¢ per gallon of ethanol produced (for up to 15 million gallons, or a maximum of \$3 million) in a 12-month period. This program was sunset on June 30, 2006. The GPR and PR tribal gaming appropriations from which DATCP made these grants is eliminated, as is the Department of Administration appropriation from which tribal gaming revenue was provided to DATCP to make these grants.

Prior to July 1, 2006, drainage boards were eligible for grants of up to 60% of the costs of compliance with drainage district rules and regulations. A GPR appropriation that funded these grants is eliminated.

Chapter 94 of the statutes requires DATCP to develop a proposal for a pesticide sales and use reporting system and to submit this proposal to the Joint Committee on Finance (JFC) for review. Subject to JFC approval, DATCP is required to administer a pilot program to test the system. DATCP completed the proposal in 2000. However, because of cost considerations the plan was never approved by the Joint Finance Committee, nor was additional action required of DATCP by the Committee. The act deletes this statutory language, along with the appropriation that provided funding for the development of any such system.

The agricultural chemical cleanup (ACCP) fund supports the cleanup of fertilizers and nonhousehold pesticides, including spills occurring at commercial fertilizer blending facilities, commercial pesticide application businesses and farm sites. Revenues collected by the ACCP fund consist of fertilizer and pesticide license and tonnage surcharges. Prior to the 1999-01 biennium, funding for these grants was also provided from GPR. The act deletes the agricultural chemical cleanup program GPR appropriation from which no grants had been awarded since 1998-99.

Under current law, DATCP is permitted to make grants to low-income farmers for the purpose of paying all or part of the tuition for a farmer who enrolls in a course on farm and business management techniques offered by a technical college. No grants have been made under this program since 2001-02. The GPR appropriation that funded these grants is eliminated. However, the statutory authority to provide these grants remains.

[Act 20 Sections: 178, 179, 181 thru 183, 185, 189, 190, 193, 541, 2558, 2589, 2595, 2596, 2597, and 2598]

14. COUNTY FAIR AIDS

GPR	\$300,000
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Provide an additional \$150,000 GPR annually (for a total of \$400,000 GPR annually) for aids to county and district fairs.

In addition, modify the current county fair aid formula to provide each eligible fair up to 95% of the first \$8,000 in premiums actually paid (in all categories: junior, adult and senior), and 70% of all premiums in excess of \$8,000, with a maximum grant of \$10,000 per fair.

Under prior law, DATCP provided fair aids of up to 50% of junior premiums awarded, not to exceed \$10,000 per fair. Base level funding was \$250,000 GPR. Over the past few years, total eligible reimbursement claims had averaged between \$310,000 and \$320,000. Payments are prorated if funds are insufficient to pay all eligible reimbursements. Eligible premium costs for fair aids include those paid for livestock articles, for production, educational exhibits, agricultural implements and tools, domestic manufactures, and mechanical implements and productions.

[Act 20 Section: 2592g]

15. INTERNATIONAL CRANE FOUNDATION FUNDING

SEG	\$142,000
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Provide a grant of \$71,000 SEG each year on a one-time basis from the agrichemical management (ACM) fund to the International Crane Foundation (ICF) for costs associated with a sandhill crane crop depredation project. Require the ICF to provide a non-state match of 70% to the state grant.

The International Crane Foundation in Sauk County administers a sandhill crane crop depredation project that is: (a) reviewing and testing non-toxic alternatives to chemicals currently available for deterring cranes from damaging crops; (b) developing habitat selection theories of the cranes; and (c) assessing the success of crane deterrence methods within the agricultural setting.

[Act 20 Sections: 192e, 192g, 9103(2c), and 9403(2c)]

16. SOYBEAN CRUSHING FACILITY GRANTS

SEG	\$4,000,000
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Provide DATCP with \$4 million recycling fund SEG in 2007-08 in a biennial appropriation to make grants for the construction of soybean crushing facilities that can process greater than 20 million bushels per year.

[Act 20 Sections: 185t and 9103(4u)]

17. BUY LOCAL, BUY WISCONSIN PROGRAM

	Funding	Positions
GPR	\$606,800	1.00

Create a buy local grant program whereby DATCP would award grants to individuals and organizations to fund projects designed to increase the local sales of agricultural products grown within the state. Grants under the program would be permitted for the creation, promotion and support of regional food and cultural tourism trails, and for promoting the development of regional food systems (which could include the creation or expansion of food processing and distribution facilities, creating or supporting networks of producers, and strengthening connections between producers, retailers, institutions and consumers). Create a new, biennial GPR buy local grant appropriation in DATCP and provide expenditure authority of \$225,000 in 2007-08.

In addition, provide DATCP with \$42,700 GPR in 2007-08 and \$64,100 GPR in 2008-09 with 1.0 position for administration of the new buy local grant program and for agricultural product promotion. Further, provide an additional \$110,000 GPR in 2007-08 and \$165,000 GPR in 2008-09 for training, marketing, data tracking and information technology related to DATCP's buy local and agricultural promotion efforts.

Require DATCP to promulgate administrative rules for the administration of the buy local program, but allow DATCP to promulgate an emergency rule for administration of the program without the finding of an emergency. Further, allow an emergency rule promulgated by

DATCP for administration of the buy local program to remain in effect for 18 months after the effective date of the act, or the effective date of the permanent rule, whichever is sooner (rather than the normal five to nine months allowed for emergency rules).

[Act 20 Sections: 183p, 2593p, 2594c, and 9103(3i)]

18. GRAZING LANDS INITIATIVE

SEG	\$800,000
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Provide \$400,000 SEG annually from the agrichemical management (ACM) fund for a grant to the Wisconsin Grazing Lands Conservation Initiative (WGLCI) for technical education and research.

The Wisconsin Grazing Lands Conservation Initiative is an organization with a mission of improving and expanding the use of grazing-based systems of livestock production on private land that are practical and profitable for farmers and to foster environmental stewardship.

[Act 20 Sections: 186m and 2594p]

19. DISCOVERY FARMS

Provide \$250,000 SEG annually from the Agricultural Chemical Cleanup Program (ACCP) fund for a grant to the University of Wisconsin-Extension for research and outreach at the discovery farms.

Discovery farms are a series of operating, commercial farms conducting on-farm research while cooperating with each other, a research farm at UW-Platteville, and researchers at UW-Madison, together forming the Wisconsin agricultural stewardship initiative.

[Act 20 Sections: 261e and 732x]

ARTS BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
	Adjusted Base	2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$2,431,800	\$2,510,200	\$2,470,200	\$116,800	2.4%	4.00	4.00	4.00	0.00	0.0%
FED	669,600	669,600	669,600	0	0.0	5.00	5.00	5.00	0.00	0.0
PR	<u>485,000</u>	<u>490,000</u>	<u>490,000</u>	<u>10,000</u>	1.0	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>	0.0
TOTAL	\$3,586,400	\$3,669,800	\$3,629,800	\$126,800	1.8%	10.00	10.00	10.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Adjust the base budget by \$38,400 GPR and \$5,000 PR annually for full funding of continuing salaries and fringe (\$29,000 GPR and \$5,000 PR annually) and reclassifications (\$9,400 GPR annually).

GPR	\$76,800
PR	<u>10,000</u>
Total	\$86,800

2. TRANSFER FUNDING FROM CHALLENGE GRANTS TO STATE AID FOR THE ARTS

Decrease funding by \$688,800 GPR annually for the challenge grant program and increase funding by an equal amount for the state aid for the arts appropriation. Base funding for the challenge grant program is \$778,800 GPR annually, and is reduced to \$90,000 GPR annually under the provision. Base funding for state aid for the arts is \$1,196,700 GPR annually, and increases to \$1,885,500 GPR annually under the provision.

Under the challenge grant program, the Arts Board awards grants to match up to 25% of an arts organization's or a local arts agency's income from contributions, if the agency's income in the year in which it applies for the grant exceeds its income from the previous fiscal year. Under state aid for the arts, the Board awards grants-in-aid or contract payments to groups, individuals, organizations, or institutions for the development of the arts and humanities, with a 50% matching requirement. The Board may also award operational grants to organizations, provided the sum of such grants does not exceed 50% or the total grants awarded in a given year.

3. ONE-TIME GRANTS

GPR	\$40,000
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Provide \$40,000 in 2007-08 for the following one-time grants in a new, annual appropriation, which will be repealed on June 30, 2009: (a) Lake Superior Big Top Chautauqua performing arts center in Bayfield County (\$25,000); (b) Ko Thi Dance Company in the City of Milwaukee (\$10,000); and (c) African American Children's Theater in the City of Milwaukee (\$5,000).

[Act 20 Sections: 221m, 221p, 9104(1j), and 9404(1j)]

BOARD FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$0	\$15,000	\$15,000	\$30,000	N.A.	0.00	0.00	0.00	0.00	N.A.
FED	<u>0</u>	<u>1,268,200</u>	<u>1,268,200</u>	<u>2,536,400</u>	N.A.	<u>0.00</u>	<u>7.75</u>	<u>7.75</u>	<u>7.75</u>	N.A.
TOTAL	\$0	\$1,283,200	\$1,283,200	\$2,566,400	N.A.	0.00	7.75	7.75	7.75	N.A.

Budget Change Item

1. CREATE BOARD

Create a new state agency, the Board for People with Developmental Disabilities (BPDD), and assign the agency the statutory responsibilities currently assigned to the Wisconsin Council on Developmental Disabilities.

	Funding	Positions
GPR	\$30,000	0.00
FED	<u>2,536,400</u>	<u>7.75</u>
Total	\$2,566,400	7.75

Provide \$1,283,200 (\$15,000 GPR and \$1,268,200 FED) annually to support: (a) the Board's operations (\$15,000 GPR and \$724,600 FED); and (b) grants (\$543,600 FED). Provide 7.75 FED positions, beginning in 2007-08. This funding and position authority would be transferred from DHFS, which currently staffs the Council. Attach BPDD to DOA for administrative purposes only, effective with the passage of the act.

Require DHFS to ensure that the matching funds requirement for the state developmental disabilities councils grant, as received from the U.S. Department of Health and Human Services (DHHS), is met by reporting to DHHS county expenditures for services to persons with developmental disabilities under the community aids program.

Specify that: (a) the assets and liabilities related to the functions of Council would become the assets and liabilities of BPDD; (b) incumbent employees holding positions, relating to the functions of the Council would be transferred to BPDD; (c) transferred employees would have the same rights and status in BPDD that they enjoyed in DHFS, and no employee transferred who has attained permanent status would have to serve a probationary period; (d) all tangible personal property, including records, related to the functions of the Council would be transferred to BPDD; (e) all contracts related to the functions of the Council would remain in effect and would be transferred to BPDD, which would be required to carry out these contractual obligations unless modified or rescinded by BPDD to the extent allowed under the contract.

[Act 20 Sections: 52b, 330s, 524w, 1824b, 9101(10q), and 9121(9i)]

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
FED	\$52,700	\$52,700	\$52,700	\$0	0.0%	0.00	0.00	0.00	0.00	0.0%
PR	<u>1,408,800</u>	<u>1,504,400</u>	<u>1,504,400</u>	<u>191,200</u>	6.8	<u>7.50</u>	<u>8.50</u>	<u>8.50</u>	<u>1.00</u>	13.3
TOTAL	\$1,461,500	\$1,557,100	\$1,557,100	\$191,200	6.5%	7.50	8.50	8.50	1.00	13.3%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$191,200
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Provide an increase of \$95,600 annually for adjustments to the base budget as follows: (a) \$80,600 for full funding of continuing salaries and fringe benefits; and (b) \$15,000 for staff reclassifications.

2. INFORMATION TECHNOLOGY SUPPORT

PR	1.00
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Provide 1.0 information systems specialist. Associated salary and fringe benefits of \$97,500 annually are transferred from BCPL's base level allotment for supplies.

3. DRAINAGE DISTRICT LOAN ELIGIBILITY

Authorize the Board of Commissioners of Public Lands (BCPL) to make loans to drainage districts from the BCPL trust funds (common school fund, normal school fund, university fund and the agricultural college fund).

[Act 20 Sections: 674d thru 674w]

BOARD ON AGING AND LONG-TERM CARE

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$900,100	\$1,034,700	\$1,071,900	\$306,400	17.0%	12.53	15.53	15.53	3.00	23.9%
PR	<u>1,109,700</u>	<u>1,342,400</u>	<u>1,363,200</u>	<u>486,200</u>	21.9	<u>15.47</u>	<u>18.47</u>	<u>18.47</u>	<u>3.00</u>	19.4
TOTAL	\$2,009,800	\$2,377,100	\$2,435,100	\$792,600	19.7%	28.00	34.00	34.00	6.00	21.4%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$88,000
PR	<u>138,000</u>
Total	\$226,000

Provide \$113,000 (\$44,000 GPR and \$69,000 PR) annually to reflect the full funding of salaries and fringe benefits.

2. VOLUNTEER OMBUDSMAN PROGRAM

	Funding	Positions
GPR	\$307,800	3.20
PR	<u>78,100</u>	<u>0.80</u>
Total	\$385,900	4.00

Provide \$173,400 (\$137,800 GPR and \$35,600 PR) in 2007-08 and \$212,500 (\$170,000 GPR and \$42,500 PR) in 2008-09 and 4.0 positions (3.20 GPR positions and 0.80 PR positions), beginning in 2007-08, to recruit, train, and supervise volunteers as part of the Board's ombudsman program to expand operations to unserved areas. The source of the program revenue would be medical assistance administrative funding, which would be budgeted in the Department of Health and Family Services (DHFS) on a 50% GPR/50% FED basis, that DHFS would transfer to the Board on Aging and Long-Term Care (BOALTC).

Currently, the program operates in 11 counties. Under the program, volunteers make weekly visits to nursing homes to speak with residents and an assigned staff member, and submit monthly reports to the volunteer program coordinator for review and possible follow-up activities.

3. OMBUDSMAN SERVICES FOR FAMILY CARE ENROLLEES

	Funding	Positions
GPR	\$46,200	0.50
PR	<u>46,100</u>	<u>0.50</u>
Total	\$92,300	1.00

Provide \$41,200 (\$20,600 GPR and \$20,600 PR) in 2007-08

and \$51,100 (\$25,600 GPR and \$25,500 PR) in 2008-09 to fund 1.0 additional ombudsman position (0.50 GPR position and 0.50 PR position), beginning in 2007-08, to provide information and advocacy services to individuals over the age of 60 that are enrolled in the Family Care program. This level of staffing would allow the Board to provide approximately one professional ombudsman position for every 7,000 elderly Family Care clients. The source of the program revenue funding for this item would be medical assistance administrative funding, which would be budgeted in the Department of Health and Family Services (DHFS) on a 50% GPR/50% FED basis, that DHFS would transfer to BOALTC.

In addition, the act would authorize BOALTC to employ staff in classified positions to provide advocacy services to Family Care program recipients or potential recipients, their families, and guardians. Under current law, BOALTC is authorized to contract to provide advocacy services to these individuals.

[Act 20 Section: 74]

4. MEDIGAP HELPLINE INSURANCE COUNSELOR

	Funding	Positions
PR	\$86,000	1.00

Provide \$38,500 in 2007-08 and \$47,500 in 2008-09 to support 1.0 additional Medigap helpline insurance counselor position, beginning in 2007-08. The position would provide information and counseling on Medicare supplemental policies and other insurance products to elderly consumers. Funding would be provided from insurance fee revenues transferred from the Office of the Commissioner of Insurance. The Board is currently authorized 4.0 Medigap helpline insurance counselor positions.

5. POSTAGE

PR	\$2,400
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Provide \$1,200 annually to fund increased postage costs for materials the Board provides on Medigap supplemental insurance. Funding would be provided from insurance fee revenues transferred from the Office of the Commissioner of Insurance.

6. INCREASE MA ADMINISTRATION SUPPORT FOR CURRENT POSITIONS

	Funding	Positions
GPR	-\$135,600	- 0.70
PR	<u>135,600</u>	<u>0.70</u>
Total	\$0	0.00

Convert 0.70 GPR positions to 0.70 PR positions, beginning in 2007-08, and reduce GPR funding by \$67,800 and increase PR funding by \$67,800 annually. This funding and position adjustment reflects the net fiscal effect of assigning a greater percentage of the costs of the Board's ombudsman positions and volunteer coordinator positions with medical assistance (MA) administration funds transferred from the Department of Health and Family Services. The state claims a portion of the costs of these positions as MA-eligible administration costs, which are funded on a 50% GPR/50% FED basis.

7. POSITION FUNDING TRANSFER

Transfer 1.0 position from an appropriation supported by program revenue the Board receives through contracts with other state agencies to an appropriation supported by insurance fees revenues the Office of the Commissioner of Insurance (OCI) transfers to the Board to support the Medigap Helpline. This position, a Medigap insurance counselor position, is currently funded from insurance fees, but is budgeted in an appropriation funded from revenue the Board receives from contracts other than the Board's contract with OCI.

BONDING AUTHORIZATION

1. GENERAL OBLIGATION BONDING AUTHORITY

Provide general obligation bonding authority of \$2,061,283,800 for the purposes indicated in the following table.

<u>Agency and Purpose</u>	<u>Act 20</u>
Administration	
Energy conservation projects	\$30,000,000
School educational technology infrastructure	-18,288,700
Public library educational technology infrastructure	-31,000
Agriculture, Trade and Consumer Protection	
Soil and water	7,000,000
Building Commission	
Other public purposes (all agency projects)	125,000,000
Housing state agencies	69,264,500
Hmong cultural center	2,250,000
Civil War exhibit at the Kenosha Public Museums	500,000
Bond Health Center	1,000,000
Racine County; Discovery Place Museum	-1,000,000
Corrections	
Correctional facilities	10,256,500
Educational Communications Board	
Educational communications facilities	1,123,400
Environmental Improvement Fund	
Clean water fund program	59,900,000
Safe drinking water loan program	6,090,000
Health and Family Services	
Mental health facilities	45,056,000
Medical College of Wisconsin	
Biomedical research and technology incubator	10,000,000
Military Affairs	
Armories and military facilities	5,308,600

<u>Agency and Purpose</u>	<u>Act 20</u>
Natural Resources	
Contaminated sediment removal	\$17,000,000
Environmental repair	3,000,000
Nonpoint source grants	7,000,000
Nonpoint source	5,000,000
Urban nonpoint source cost-sharing	6,000,000
Stewardship 2000 program	860,000,000
SEG fund supported administration facilities	18,199,600
Environmental fund SEG supported facilities	2,849,800
State Fair Park	
Self-amortizing facilities	-3,800,000
State Historical Society	
Historic records	3,250,000
Transportation	
Harbor improvements	12,700,000
Marquette interchange reconstruction project	90,200,000
Rail acquisitions and improvements	22,000,000
Rail passenger route development	32,000,000
University of Wisconsin	
Academic facilities	208,565,000
Self-amortizing facilities	335,751,100
Veterans Affairs	
Self-amortizing mortgage loans	85,000,000
Self-amortizing facilities	<u>3,139,000</u>
Total General Obligation Bonds	\$2,061,283,800

Update summary schedules relating to bonding and debt service that appear for informational purposes in the statutes.

[Act 20 Section: 176]

2. REVENUE OBLIGATION BONDING

Provide revenue obligation bonding authority of \$703,032,100 for the purposes indicated in the following table.

<u>Agency and Purpose</u>	<u>Act 20</u>
Commerce Petroleum Environmental Cleanup	-\$49,076,000
Environmental Improvement Fund Clean water fund	368,145,000
Transportation Major highway projects, transportation facilities	<u>383,963,100</u>
Total Revenue Obligation Bonds	\$703,032,100
GRAND TOTAL Bonding Authority Modifications	\$2,764,315,900

Update summary schedules relating to bonding and debt service that appear for informational purposes in the statutes.

[Act 20 Section: 176]

BUDGET MANAGEMENT AND COMPENSATION RESERVES

1. COMPENSATION RESERVES

Provide, in the 2007-09 general fund condition statement, total compensation reserves of \$131,197,500 in 2007-08 and \$328,026,800 in 2008-09 for the increased cost of state employee salaries and fringe benefits. Total compensation reserve amounts by fund source and fiscal year are shown in the following table:

<u>Fund Source</u>	<u>2007-08</u>	<u>2008-09</u>
General Purpose Revenue	\$62,759,600	\$156,617,900
Federal Revenue	33,197,700	83,008,100
Program Revenue	18,516,700	46,425,100
Segregated Revenue	<u>16,723,500</u>	<u>41,975,700</u>
 TOTAL	 \$131,197,500	 \$328,026,800

Amounts within compensation reserve are funds used to pay for such items as: (a) the employer share of increased premium costs in the forthcoming fiscal biennium for state employee health insurance; (b) the costs of negotiated pay increases; (c) increases in the employer share of contributions to the state retirement fund for employees' future state retirement benefits; and (d) pension obligation bond payments for the state's unfunded prior service liability for retirement benefits and the accumulated sick leave conversion credit program.

[Act 20 Section: 175]

2. DOA SECRETARY AUTHORITY TO LAPSE OR TRANSFER FUNDS TO THE GENERAL FUND

GPR-Earned	\$200,000,000
GPR-Lapse	\$26,000,000

Require the Secretary of the Department of Administration (DOA) to lapse or transfer \$200,000,000 biennially to the general fund from the unencumbered balances of appropriations of executive branch state agencies, other than sum sufficient appropriations and federal appropriations, during each of the 2007-09 and 2009-11 fiscal biennia. This \$200,000,000 lapse or transfer does not apply to appropriations to the UW System and to the Wisconsin Technical College System. These moneys are treated as a revenue (GPR-Earned) to the general fund.

In addition, require the DOA Secretary to lapse or transfer the following amounts to the general fund biennially in each of the 2007-09 and 2009-11 fiscal biennia: (a) \$25,000,000 from

the unencumbered balances of appropriations to the UW System of funding for system or campus administration, other than sum sufficient and federal appropriations; and (b) \$1,000,000 from the unencumbered balances of appropriations to the Wisconsin Technical College System, other than sum sufficient and federal appropriations. These moneys are treated as a reduction in expenditures (GPR-Lapse) from the general fund.

Specify that the DOA Secretary cannot lapse or transfer moneys if the lapse or transfer would: (a) violate a condition imposed by the federal government on the expenditure of the moneys; or (b) violate the federal or state constitution.

[Act 20 Section: 9201(1c)]

3. REQUIRED GENERAL FUND STATUTORY BALANCE

Specify that in each fiscal year from 2007-08 through 2010-11, the required balance is \$65 million. Provide that beginning in 2011-12, the required balance will equal 2% of total GPR appropriations plus GPR compensation reserves for each fiscal year.

A comparison of prior law and the statutory balance requirements under Act 20 are shown in the following table.

	<u>Prior Law</u>	<u>Act 20</u>
2007-08	\$65,000,000	\$65,000,000
2008-09	65,000,000	65,000,000
2009-10	2%*	65,000,000
2010-11	2%*	65,000,000
2011-12 and thereafter	2%*	2%*

*The required balance equals 2% of gross GPR appropriations plus GPR compensation reserves in that year.

[Act 20 Sections: 168 thru 174]

BUILDING COMMISSION

Budget Summary						FTE Position Summary
Fund	2006-07	Act 20		2007-09 Change Over		
	Adjusted Base	2007-08	2008-09	Base Year Doubled	Amount	%
GPR	\$33,819,600	\$36,518,800	\$49,192,700	\$18,072,300	26.7%	There are no full time positions authorized for the Building Commission.
SEG	1,024,200	1,024,200	1,024,200	0	0.0	
TOTAL	\$34,843,800	\$37,543,000	\$50,216,900	\$18,072,300	25.9%	
BR		-\$18,319,700				

Budget Change Items

1. DEBT SERVICE REESTIMATE

GPR	\$18,072,300
GPR-Lapse	\$12,000,000

Adjust funding by \$2,699,200 in 2007-08 and \$15,373,100 in 2008-09 to reestimate sum sufficient debt service appropriations as shown in the following table.

	Adjusted Base	Change to Base		Total Debt Service	
	2006-07	2007-08	2008-09	2007-08	2008-09
GPR Debt Service Appropriation					
Capitol and Executive Residence	\$12,476,000	-\$1,697,200	-\$1,953,100	\$10,778,800	\$10,522,900
Amounts Not Initially Allocated to Agencies	19,571,700	3,774,100	16,582,300	23,345,800	36,154,000
Other Public Purposes	1,573,500	-150,300	-94,700	1,423,200	1,478,800
Children's Research Institute	0	772,100	806,300	772,100	806,300
HR Academy Youth Center	114,400	-1,600	1,900	112,800	116,300
Milwaukee Police Youth Activity Ctr.	84,000	2,100	400	86,100	84,400
Swiss Cultural Center	0	0	30,000	0	30,000
Total GPR	\$33,819,600	\$2,699,200	\$15,373,100	\$36,518,800	\$49,192,700

Estimate lapses from GPR sum sufficient debt service appropriations of \$6,000,000 annually. These lapse amounts are associated with interest earnings on the bond security redemption fund that will be allocated to debt service appropriations in the biennium.

2. AGREEMENTS RELATED TO STATE BORROWING PROGRAMS

GPR-Lapse \$4,500,000

Modify prior law authorizing agreements or ancillary arrangements relating to state general obligation debt, and operating notes.

Based on information from the Department of Administration (DOA), these modifications will allow the state, and a third party, to enter into certain interest rate exchange agreements associated with the state's debt obligations. These agreements could be entered into at the time that state debt obligations are issued or any time such issues remain outstanding. These agreements, or "swaps," are considered a debt management tool, which can provide a debt issuer certain benefits, such as reducing their exposure to interest rate volatility, reducing their cost of capital, and increasing their flexibility to alter the structure of their existing debt payments. In using this authority, DOA and the Building Commission will have the responsibility of balancing these potential benefits with the inherent risks associated with entering into the types of agreements or arrangements that will be authorized.

DOA Capital Finance officials estimate that the state can receive \$4,500,000 GPR in 2007-08 associated with entering into "swap" agreements or arrangements associated with the state's general obligation bond debt. These amounts will be applied to the GPR debt service appropriations that correspond to the purposes for which the initial bonds are sold. Because the purposes of bonds for which these agreements or arrangements may be sold are not known, for the purposes of the state's general fund condition statement the amounts are considered to be lapsed from these GPR sum sufficient debt service appropriations. Similar receipts of payments related to agreements or ancillary arrangements related to state's appropriation and revenue obligation bond debt could also accrue to these programs.

Make the following modifications to relating to the payment and receipt of funds on agreements and ancillary arrangements associated with the state debt obligation programs and operating notes:

Modifications to State General Obligation Debt. Specify that the Building Commission can enter into agreements or ancillary arrangements relating to public debt at the time of, or in anticipation of contracting the public debt and at any time the public debt is outstanding. Require the Building Commission to determine the following, if applicable, with respect to revenues or payments on any agreement or ancillary arrangement entered into relating to state debt: (a) whether revenues will be deposited into the bond security and redemption fund (BSRF) or the capital improvement fund (CIF); and (b) whether any payment to be made will be made from the BSRF or the CIF and the timing of any transfer of funds. Under prior law, the BSRF is used to pay debt service on state general obligation bonds and monies from agency debt service appropriations are transferred to the BSRF, and then paid to bondholders when due. The CIF is used for the deposit of bond proceeds at the time bonds are issued. These bond proceeds are expended from the CIF as project expenditures need to be made.

Provide that monies received from the issuance of public debt or payments from any

agreement or ancillary arrangement relating to public debt will be deposited in the CIF, except as follows: (a) such monies representing accrued interest or that are for funding or refunding bonds will be credited to the BSRF or the building trust fund; and (b) any such monies that represent a premium or that are from an agreement or ancillary arrangement relating to public debt can be credited to the BSRF or the CIF, as determined by the Building Commission. Under prior law, monies received from the issuance of public debt are deposited in the CIF, except that any monies representing a premium or accrued interest or that are for funding or refunding bonds are credited to the BSRF or the building trust fund.

Authorize expenditures from the CIF for any payment due under an agreement or ancillary arrangement with respect to public debt and modify current law governing the transfer of the proceeds of public debt to the CIF to pay loans or notes or pay expenses incurred in contracting public debt, to also apply to these payments.

Include payments due under an agreement or ancillary arrangement as an allowable purpose for expenditures from the BSRF. Under prior law, the BSRF is used to pay principal, interest and premium, if any, on public debt. Related provisions concerning debt service appropriations and the BSRF are modified to reflect this additional spending purpose. Modify each state general obligation debt service appropriation to add payments due under an agreement or ancillary arrangement as an allowable expenditure from the appropriation.

Delete the prior law limitation that an interest exchange agreement is not considered public debt of the state. Require the following with respect to any interest exchange agreement or agreements relating to state public debt:

a. the Building Commission is required to contract with an independent financial consulting firm to determine if the terms and conditions of the agreement reflect a fair market value as of the proposed date of the execution of the agreement; and

b. the interest exchange agreement has to identify by maturity, bond issue, or bond purpose the debt or obligation to which the agreement is related. Specify that any determination of the Building Commission included in an interest exchange agreement that such agreement relates to a debt or obligation is conclusive.

Specify that the resolution authorizing the Building Commission to enter into any interest exchange agreement relating to state general obligation debt must require that the terms and conditions of the agreement reflect a fair market value as of the date of execution of the agreement, as reflected by the determination of the independent financial consulting firm and establish guidelines for any such agreement, including the following: (a) the conditions under which the Commission may enter into the agreements; (b) the form and content of the agreements; (c) the aspects of risk exposure associated with the agreements; (d) the standards and procedures for counterparty selection; (e) the standards for the procurement of, and the setting aside of reserves, if any, in connection with, the agreements; (f) the provisions, if any, for collateralization or other requirements for securing any counterparty's obligations under the

agreements; and (g) a system for financial monitoring and periodic assessment of the agreements.

Authorize the Building Commission to delegate to other persons the authority and responsibility to take actions necessary and appropriate to implement interest rate exchange agreements. It is the intent that this authority only be delegated to DOA Capital Finance staff or a trustee involved in a transaction, which will likely be indicated in the authorizing resolution approved by the Commission.

Require DOA to submit a report, semiannually, during any year in which the state is a party to an agreement relating to state general obligation debt, to the Building Commission and to the Co-chairpersons of the Joint Committee on Finance listing all such agreements. The report has to include all of the following: (a) a description of each agreement, including a summary of its terms and conditions, rates, maturity, and the estimated market value of each agreement; (b) an accounting of amounts that were required to be paid and received on each agreement; (c) any credit enhancement, liquidity facility, or reserves, including an accounting of the costs and expenses incurred by the state; (d) a description of the counterparty to each agreement; and (e) a description of the counterparty risk, the termination risk, and other risks associated with each agreement.

Specify that payments under these arrangements have the same priority of payment as debt service on general obligation bonds, under current law governing payment delays if a state fund has cashflow problems.

Modifications to Appropriation Obligation Debt. Specify that the determination by DOA in an interest exchange agreement that the agreement relates to an appropriation obligation debt is conclusive.

Limitations on Interest Rate Agreements on General and Appropriation Obligation Debt. Provide that the terms and conditions of an interest exchange agreement relating to general obligation and appropriation obligation debt, cannot be structured so that, as of the trade date of the agreement, both of the following will reasonably be expected to occur:

a. the aggregate expected debt service and net exchange payments relating to the agreement during the fiscal year in which the trade date occurs will be less than the aggregate expected debt service and net exchange payments relating to the agreement that will be payable during that fiscal year if the agreement is not executed; and

b. the aggregate expected debt service and net exchange payments relating to the agreement in subsequent fiscal years will be greater than the aggregate expected debt service and net exchange payments relating to the agreement that will be payable in those fiscal years if the agreement is not executed.

Provide that this limitation on structuring an agreement will not apply if either of the following occurs:

a. the Commission (DOA for appropriation obligation debt) receives a determination by the independent financial consulting firm that the terms and conditions of the agreement reflect payments by the state that represent on-market rates as of the trade date for the particular type of agreement; or

b. the Commission (DOA for appropriation obligation debt) provides written notice to the Joint Committee on Finance of its intention to enter into an agreement that is reasonably expected to be subject to the limitation on structuring interest rate agreements, and the Joint Committee on Finance either approves or disapproves, in writing, the Commission's entering into the agreement within 14 days of receiving the written notice from the Commission.

Specify that the interest rate exchange agreement limitations will not limit the liability of the state under an agreement if actual contracted net exchange payments in any fiscal year exceed original expectations.

Specify that for arrangements and agreements related to the state's general obligation program, aggregate expected debt service and net exchange payments mean the sum of the following: (a) the aggregate net payments expected to be made and received under a specified interest rate exchange agreement; (b) the aggregate debt service expected to be made on bonds related to that agreement; and (c) the aggregate net payments expected to be made and received under any other interest exchange agreement relating to bonds that are in force at the time of executing the agreement

Modifications to Operating Note Obligations. Under prior law, there are references that specify that the Building Commission's authority to enter into agreements and ancillary arrangements for public debt applies to operating notes. Create similar authority under the statutes governing operating notes, except specify that the Commission will have that authority at the time of, or in anticipation of, and after issuing operating notes. Specify that the determination by the Building Commission that an interest rate exchange agreement relates to an operating note is conclusive.

In addition, specify that any payment made or received under such agreements or arrangements be made from, or deposited to, the general fund or the operating note redemption fund, as determined by the Commission.

Specify that all moneys resulting from payments to be received under an agreement or ancillary arrangement regarding operating notes be credited to the general fund. Authorize the operating note redemption fund to make payments due on an agreement or ancillary arrangement entered into with respect to operating notes. Specify that the payments due under these agreements or arrangements with respect to operating notes are an allowable purpose for which funds can be transferred from the GPR sum sufficient appropriation for debt service on operating notes to the operating note redemption fund.

Modifications to Revenue Obligations. Specify that the determination by the Building Commission in an interest exchange agreement that the agreement relates to a revenue obligation is conclusive. Allow payments under an agreement or ancillary arrangement related

to revenue obligation debt issued for the transportation revenue bond program, the clean water revenue bond program, and the PECFA revenue bond program to be received by, and made from, the trusts of these various programs. Modify the debt service appropriations for each of these programs to add payments due under an agreement or ancillary arrangement as an allowable expenditure from the appropriation.

Specify that the limitations on off-market interest rate exchange agreements related to the state's general obligation and appropriation obligation debt programs will also apply to off-market interest rate exchange agreements related to the state's revenue obligation and operating note borrowing programs. Specify that the guidelines and reporting requirements for agreements related to the state general obligation programs will also apply to agreements related to the state's appropriation obligation, revenue obligation, and operating note borrowing programs.

[Act 20 Sections: 86d thru 88h, 91, 135 thru 155, 180, 188, 191, 192, 207, 208, 218, 219, 220, 221, 222, 223, 228, 229, 232, 233, 235, 249, 250, 253, 256, 257, 259 thru 261, 262, 266 thru 271, 283 thru 290, 292 thru 301, 310 thru 317, 320, 324, 339, 408, 501, 509, 510, 515, 516, 523, 524, 525, 526, 533, 534, 535, 571, 575, 582, 583, 598 thru 605, 606h thru 610, 2537, 2538, 2628, 2629, 3077, and 3078]

3. SALE OF STATE REAL PROPERTY

GPR-REV \$40,000,000

Modify provisions of 2005 Act 25 related to the sale of state properties by the Department of Administration (DOA) and the Building Commission and UW System properties by the UW System Board of Regents. Increase estimated revenues to the general fund by \$40 million GPR-Earned in 2007-08 attributable to property sales under this provision.

Sale of State Agency Properties. Modify the June 30, 2007, sunset of the 2005 Act 25 provision relating to the sale of state agency properties by extending the authority of DOA to offer state agency properties for sale so that applies from the Act 20 effective date until June 30, 2009.

Delete the Act 25 requirement that the DOA Secretary submit a report to the Building Commission containing an inventory of his or her recommendations of the state properties that are to be offered for sale. Rather, authorize DOA to offer for sale any state-owned real property that is eligible to be sold under the Act 25 provisions. Require that if DOA receives an offer to purchase a property, the DOA Secretary may submit a report to the Secretary of the Building Commission recommending acceptance of the offer. The report is also required to include a description of the property and the reasons for the DOA Secretary's recommendation. Specify that if during the period on or before June 30, 2007, or the period beginning on the effective date of the Act 20 and ending on June 30, 2009, the Building Commission votes to approve an offer to purchase a property, DOA may sell the property.

Under Act 25, the DOA Secretary could include a property on the inventory of properties recommended to be offered for sale by the Commission without the approval of the agency

having jurisdiction of the property. Under Act 20, the DOA Secretary can recommend the sale of a specific property without agency approval.

Exclude Department of Natural Resources (DNR) central or district offices from the list of properties under the jurisdiction of the DNR Board that the Board may sell if it determines the property is no longer necessary for conservation purposes and is not subject to a petition for transfer by the Department of Commerce.

Include the following properties in the list of properties that DOA cannot sell under these provisions:

- a. property that is subject to sale by the Department of Military Affairs that was acquired or erected for state military purposes, but is no longer useful to the national guard or is for the purposes of a company-sized unit;
- b. property that is conveyed by the Department of Corrections related to the construction of a sanitary sewer system in the area adjacent to the Taycheedah Correctional Institution;
- c. any personal property turned over to the state treasurer as an escheat;
- d. land that is not a part of the Kickapoo valley reserve that is sold or traded by the Kickapoo Reserve Management Board;
- e. real property that is adjacent to the veterans memorial site located at the Highground in Clark County that is donated by the Department of Transportation; and
- f. the sale of real property at the Northern Center for the Developmentally Disabled by the Department of Health and Family Services.

Delete any reference to DOA's authority to sell state property from the statutes relating to the Department of Veteran's Affairs authority to manage, sell, lease property passing to the state or members at the Veteran's Home at King. Specify that DOT's authority related to the following types of land or property is subject to DOA's authority to sell state-owned lands.

- a. tracts, parcels or remnants of lands acquired through purchase or condemnation, or otherwise conveyed to the Department of Transportation (DOT);
- b. any disposal of rail property by DOT; and
- c. property sold by DOT that that DOT Secretary determines is no longer necessary for the state's use for airport purposes.

Repeal two cross-references to provisions that were vetoed under 2005 Act 25.

Sale of UW-System Properties. Under prior law, various provisions related to the sale of properties by the UW System are only in effect until June 30, 2007. To correspond with the

proposed extension of DOA's authority to sell state-owned real property through the 2007-09 biennium, extend the following provisions related to the sale of properties at the UW System for a period beginning on the effective date of Act 20 through June 30, 2009:

a. the provision that excludes the UW System from the list of agencies from which the DOA Secretary could sell state-owned real property;

b. the provision that excludes moneys from the sale of UW System real property from the revenues to be deposited to the UW System auxiliary services, gifts and donations, and sale of real property appropriations; and

c. the provisions that require that if the Board of Regents of the UW System sells any real property during the period, the net proceeds from the sale are to be deposited to the UW System's general operations receipts appropriation to be used for general operations of the System.

[Act 20 Sections: 9, 113, 114, 252, 254, 255, 258, 657, 694, 787, 2532, 2544, 2682, 3108, 3936, and 3937]

4. REDUCE EXCESS BONDING

BR	- \$18,319,700
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Decrease existing GPR-supported general obligation bonding by \$18,319,700 from the following purposes: (a) \$18,288,700 from the Department of Administration's (DOA) school educational technology infrastructure financial assistance bonding authorization; and (b) \$31,000 from DOA's public library educational technology infrastructure financial assistance bonding authorization.

Under prior law, DOA had the authority to make loans from these bonding authorizations to school districts and public libraries to assist in the financing of educational technology infrastructure. The loans were made for the purpose of upgrading the electrical wiring of the school or library building and upgrading and installing computer wiring in the buildings. However, the loan program was sunset effective July 26, 2003, and therefore the remaining unissued bonding authority is no longer needed.

[Act 20 Sections: 596nd and 596np]

BUILDING PROGRAM

Budget Change Items

1. 2007-09 ENUMERATED PROJECTS

All Funds	\$1,131,000,000
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Provide \$1,131,000,000 from all funding sources of enumerated 2007-09 financing authority for: (a) specific enumerated projects (\$899,835,200); (b) all agency projects (\$230,914,800); and (c) a minor project (\$250,000) that is not specifically enumerated.

Specify that funding for these projects be drawn from the following sources: (a) \$877,013,500 from new general obligation bonding authority; (b) \$34,129,300 from general obligation bonding authority that is currently authorized; (c) \$6,121,600 from revenue bonding authority; (d) \$500,000 from revenue bonding authority that is currently authorized; (e) \$44,963,200 from agency operating funds; (f) \$48,788,400 from federal funds; and (g) \$119,484,000 from gifts, grants and other receipts.

Specify that the \$52,000,000 UW-Madison Memorial Union theatre wing renovation project enumeration is not effective until July 1, 2009, and no funding is authorized for the project at this time. The \$52,000,000 associated with this project is excluded from the all funds total shown above.

The funding sources for the 2007-09 project authority by agency are shown in Table 1. A listing of individual major agency projects included as part of the 2007-09 state building program is provided in Table 2.

[Act 20 Sections: 9105(1) and 9405(1q)]

TABLE 1

Recommended Financing Sources for the 2007-09
Building Program Under Act 20

	New General Obligation Bonds			Revenue Bonds*	Existing General Obligation Bonds	Existing Revenue Bonds	Agency Operating Funds	Gifts, Grants and Other	Federal	Total
	GPR	PR	SEG							
Administration	\$0	\$65,304,000	\$0	\$0	\$15,000,000	\$0	\$0	\$0	\$0	\$80,304,000
Building Commission	3,750,000	0	0	0	0	0	0	7,500,000	0	11,250,000
Corrections	10,256,500	0	0	0	0	0	0	0	0	10,256,500
Educational Communications Board	1,023,400	0	0	0	0	0	0	0	0	1,023,400
Health and Family Services	45,056,000	0	0	0	0	0	0	0	0	45,056,000
Medical College of Wisconsin	10,000,000	0	0	0	0	0	0	0	2,000,000	12,000,000
Military Affairs	5,308,600	0	0	0	0	0	0	0	35,249,000	40,557,600
Natural Resources	0	0	15,262,200	0	6,190,000	0	0	0	4,280,000	25,732,200
State Fair Park	0	0	0	0	0	0	0	0	0	0
State Historical Society	3,250,000	0	0	0	0	0	0	0	0	3,250,000
Transportation	100,000	0	250,000	3,277,500	0	500,000	0	0	0	4,127,500
University of Wisconsin System*	208,565,000	314,393,600	0	0	12,217,400	0	16,285,000	107,527,000	0	658,988,000
Veterans Affairs	0	2,639,000	0	0	0	0	0	0	4,901,000	7,540,000
Subtotal	\$287,309,500	\$382,336,600	\$15,512,200	\$3,277,500	\$33,407,400	\$500,000	\$16,285,000	\$115,027,000	\$46,430,000	\$900,085,200
All Agency										
Facilities Repair and Renovation	\$68,000,000	\$17,568,300	\$5,537,200	\$2,844,100	\$721,900	\$0	\$12,832,000	\$0	\$2,216,400	\$109,719,900
Utilities Repair and Renovation	34,000,000	2,957,300	0	0	0	0	11,644,700	350,000	100,000	49,052,000
Health, Safety and Environmental Protection	9,000,000	870,400	0	0	0	0	1,827,000	0	0	11,697,400
Energy Conservation	0	30,000,000	0	0	0	0	0	0	0	30,000,000
Preventative Maintenance Program	2,000,000	0	0	0	0	0	1,000,000	0	0	3,000,000
Programmatic Remodeling and Renovation	3,500,000	4,922,000	0	0	0	0	1,084,500	3,432,000	42,000	12,980,500
Land and Property Acquisition	3,500,000	5,000,000	0	0	0	0	0	0	0	8,500,000
Capital Equipment and Acquisition	5,000,000	0	0	0	0	0	290,000	675,000	0	5,965,000
Subtotal	\$125,000,000	\$61,318,000	\$5,537,200	\$2,844,100	\$721,900	\$0	\$28,678,200	\$4,457,000	\$2,358,400	\$230,914,800
TOTAL	\$412,309,500	\$443,654,600	\$21,049,400	\$6,121,600	\$34,129,300	\$500,000	\$44,963,200	\$119,484,000	\$48,788,400	\$1,131,000,000

*No funding is provided for the UW-Madison Memorial Union theatre wing renovation project enumeration (\$52,000,000), which is effective on July 1, 2009.

TABLE 2

**State Agency 2007-09 Enumerated Major Projects
Total Project Authority (All Funding Sources)**

	<u>Act 20</u>
Administration	
Preservation and Storage Facility -- Dane County	\$25,000,000
General Executive Facility 3 Renovation -- Madison	5,304,000
State Transportation Building Replacement -- Madison	<u>50,000,000</u>
Total	\$80,304,000
Building Commission	
Hmong Cultural Center - Dane County and La Crosse	\$4,750,000
Kenosha Public Museums Civil War Exhibit	2,500,000
Oconto Bond Health Center	<u>4,000,000</u>
Total	\$11,250,000
Corrections	
Kettle Moraine Correctional Institution Health Services Unit	\$4,831,700
Racine Correctional Institution Food Preparation Building	<u>5,424,800</u>
Total	\$10,256,500
Educational Communications Board	
WHHI-FM Tower Replacement -- Highland	\$1,023,400
Health and Family Services	
Sand Ridge Secure Treatment Center 300-Bed Addition	\$34,000,000
Wisconsin Resource Center 45-Bed Female Treatment Unit	<u>11,056,000</u>
Total	\$45,056,000
Medical College of Wisconsin	
Translational Research Program Equipment Acquisition - Wauwatosa	\$12,000,000
Military Affairs	
Armed Forces Reserve Center Replacement - Dane County	\$38,308,600
Aircraft Maintenance Hangar Remodeling - West Bend	749,000
Motor Vehicle Storage Buildings - Rice Lake and Wausau	<u>1,500,000</u>
Total	\$40,557,600
Natural Resources	
Governor Thompson State Park Initial Development	\$3,524,900
Hank Aaron State Trail Western Extension	1,600,000
Park Entrance and Visitor Stations -- Blue Mound, Council Grounds and Wildcat Mountain State Parks	2,345,100
Northern Region Co-Headquarters - Spooner	4,494,600
Ranger Station Replacements - Plover, Prentice, and Tomah	4,122,700
Wild Rose Fish Hatchery Renovation - Phase 2.5	9,000,000
Wilson Nursery Expansion - Phase 2	<u>644,900</u>
Total	\$25,732,200

State Historical Society

Shelving for Storage Facility - Dane County \$3,250,000

Transportation

Division of State Patrol/ECB Gap Filler Towers Statewide \$2,398,900

Division of Motor Vehicles/Department of Natural Resources

Office Renovation - Phase 2 - Wausau 642,700

Division of Motor Vehicles Service Center Remodeling - Eau Claire 559,700

Division of State Patrol Post Remodeling - Fond du Lac 526,200

Total \$4,127,500

University of Wisconsin System

Eau Claire -Davies Center Addition, Remodeling, or Replacement \$48,802,000

Extension -Lowell Hall Guest Room Remodeling - Madison 3,600,000

Green Bay -Rose and Wood Halls Remodeling 6,734,000

La Crosse -Academic Building 44,000,000

-Stadiums and Fields 14,612,000

Madison -School of Human Ecology 47,950,000

-Union South Replacement 87,700,000

-Memorial Union Theatre Wing Renovation* 52,000,000

-Music Performance Building 43,865,000

-Chadbourne Residence Hall - Phase 3 and Barnard
Residence Hall 14,627,000

-Parking Ramps 36 and 46 Expansion 7,132,000

Oshkosh -Academic Building 54,296,000

-Elmwood Center Remodeling and Addition, or
Replacement 8,464,000

-Suite Style Residence Hall 34,000,000

-Softball Stadium 500,000

Parkside -Communications Arts Center 37,376,000

-Suite Style Residence Hall 17,740,000

Platteville -Williams Field House Addition and Remodeling 3,727,000

River Falls -George Fields South Forks Residence Hall Addition 14,714,000

Stevens Point -Maintenance Building Remodeling and Addition 2,122,000

-Military Science Building Relocation 1,585,000

-Suite Style Residence Hall 36,205,000

-Residence Halls Renovation 19,995,000

Stout -Harvey Hall Theater Renovation 5,139,000

-Price Commons 2nd Floor Renovation 3,079,000

Superior -Academic Building 32,343,000

		<u>Act 20</u>
Whitewater	-Suite Style Residence Hall	\$35,728,000
	-Drumlin Dining Hall	1,275,000
	-Multi-Sport Facility - Phase 3	3,474,000
System	-Classroom Renovation/Instructional Technology	3,500,000
	-Utility Improvements - Madison	<u>24,704,000</u>
Total		\$710,988,000
Veteran's Affairs		
Wisconsin Veterans Home at King - 45-Bed Assisted Living Facility		<u>\$7,540,000</u>
Total Enumerated Projects		\$952,085,200
All Agency		
Facility Maintenance and Repair		\$109,719,900
Utilities Repair and Renovation		49,052,000
Health, Safety, and Environmental Protection		11,697,400
Energy Conservation		30,000,000
Preventive Maintenance		3,000,000
Programmatic Remodeling and Renovation		12,980,500
Land and Property Acquisition		8,500,000
Capital Equipment Acquisition		<u>5,965,000</u>
Total		\$230,914,800
Total -- All Projects		\$1,183,000,000

*No funding is provided for the UW-Madison Memorial Union theatre wing renovation project enumeration (\$52,000,000), which is effective on July 1, 2009.

2. BONDING AUTHORIZATIONS IN BUILDING PROGRAM

Provide \$877,013,500 in new general obligation bonding authority for 2007-09 building program projects, as shown in the following table.

2007-09 Building Program Bonding Authorizations

<u>Purpose</u>	<u>Act 20</u>
Administration	
Energy Conservation Projects	\$30,000,000
Building Commission	
Other Public Purposes (All Agency Projects)	125,000,000
Housing State Agencies	69,264,500
Bond Health Center -- Oconto County	1,000,000
Hmong Cultural Center	2,250,000
Civil War Exhibit at the Kenosha Public Museums	500,000
Corrections	
Correctional Facilities	10,256,500
Educational Communications Board	
Educational Communications Facilities	1,123,400
Health and Family Services	
Mental Health Facilities	45,056,000
Medical College of Wisconsin	
Biomedical Research and Technology Incubator	10,000,000
Military Affairs	
Armories and Military Facilities	5,308,600
Natural Resources	
SEG Fund Supported Administration Facilities	18,199,600
Environmental Fund SEG Supported Facilities	2,849,800
State Fair Park	
Self-Amortizing Facilities	500,000
State Historical Society	
Historic Records	3,250,000
University of Wisconsin	
Academic Facilities	208,565,000
Self-Amortizing Facilities*	340,751,100
Veterans Affairs	
Self-Amortizing Facilities	<u>3,139,000</u>
GRAND TOTAL	\$877,013,500

*No funding is provided for the UW-Madison Memorial Union theatre wing renovation project enumeration (\$40,500,000 in bonding and \$11,500,000 in gifts), which is effective on July 1, 2009.

[Act 20 Sections: 583g, 583r, 591m, 591p, 595g, 595r, 596c thru 596k, 596kd, 596o thru 596s, 597e and 597s]

3. DELAYED BONDING AUTHORIZATIONS

Specify that the following general fund supported bonding amounts authorized under the 2007-09 building program cannot be contracted for until after June 30, 2009, for the following projects listed for the 2009-11 biennium, or until after June 30, 2011, for the projects listed for the 2011-13 biennium.

	General Fund		<u>Total</u>
	<u>Supported Bonding</u>		
	<u>2009-11</u>	<u>2011-13</u>	
University of Wisconsin System			
Miscellaneous Projects (Academic Buildings at La Crosse, Oshkosh, and Superior and Communications Arts Center at Parkside)	\$69,139,000	\$0	\$69,139,000
UW-Madison School of Human Ecology	0	22,500,000	22,500,000
Department of Health and Family Services			
Sand Ridge Secure Treatment Center 300-Bed Addition	<u>12,500,000</u>	<u>0</u>	<u>12,500,000</u>
Total	\$81,639,000	\$22,500,000	\$104,139,000

[Act 20 Sections: 9105(1)(d), 9105(1)(j), 9105(7), 9105(8), and 9105(9)]

4. UW-MILWAUKEE-COLUMBIA ST. MARY'S COLUMBIA CAMPUS MEDICAL FACILITIES PROJECT

Delay by two years the time periods in which general fund and program revenue supported borrowing may be issued for the Columbia St. Mary's Columbia Campus medical facilities project at UW-Milwaukee. The existing timeline for the issuance of bonding for this project was established under 2005 Act 25 when the project was enumerated as part of the 2005-07 state building program at a total cost of \$112,120,000. Specify that prior to July 1, 2009, no bonds may be issued for the project. Specify that beginning on July 1, 2009, and ending on June 30, 2011, not more than 50% (\$28,265,000) of the general fund supported borrowing and 50% (\$27,795,000) of the program revenue supported borrowing can be issued for the project. Provide that beginning on July 1, 2011, the remainder of the general fund supported borrowing and program revenue supported borrowing can be issued.

[Act 20 Section: 3936m]

5. ENERGY CONSERVATION CONSTRUCTION PROJECTS

Provide \$30,000,000 in general obligation bonding to the Department of Administration (DOA) for state agency energy conservation construction projects. Authorize DOA to provide funding to agencies for energy conservation construction projects at state facilities under the

jurisdiction of the agencies to enhance the energy efficiency of the facilities. Require DOA to prescribe standards for the evaluation of the proposed projects and the allocation of available moneys for those projects. (The fiscal effect of this item is included under Items 1 and 2.)

Authorize DOA to annually assess any agency that receives funding for an energy conservation project in an amount determined by DOA. Specify that the amount of the assessment cannot exceed the agency's proportional share of debt service costs on the general obligation bonding issued to fund these projects or the amount of the agency's energy cost savings from the energy conservation project funded by DOA, whichever is greater. Require DOA to credit all revenues received from the assessments to a DOA debt service appropriation that is created to pay debt service on the \$30 million in bonds issued for the energy conservation construction projects. Create a separate appropriation for the purposes of making loans or payments to agencies for additional energy conservation projects. Specify that any assessment of agency energy savings in excess of those amounts needed to cover the agency's annual debt service on the bonding issued for energy conservation projects will be deposited to this appropriation. Modify the Building Commission's debt service appropriation that guarantees the full payment of principal and interest costs on self-amortizing or partially self-amortizing facilities enumerated under the various state agencies to include the proposed DOA debt service appropriation.

Modify the existing fuel and utilities appropriations of the following state agencies to allow payments of assessments levied by DOA to pay debt service costs and energy cost savings generated at departmental facilities for energy conservation construction projects to be made from the appropriations:

- a. the Educational Communications Board;
- b. the State Historical Society;
- c. the Wisconsin Educational Services Program for the Deaf and Hard of Hearing and the Wisconsin Center for the Blind and Visually Impaired under the Department of Public Instruction;
- d. the University of Wisconsin System;
- e. the Department of Corrections;
- f. the Department of Health and Family Services;
- g. the Department of Military Affairs;
- h. the Department of Veterans Affairs veterans memorial cemeteries; and
- i. the Department of Administration.

The fiscal effect of this project is included in the totals under Items 1 and 2.

Require all energy efficiency projects funded through the energy conservation construction program to be measured and verified by the Department of Administration in accordance with the performance measurement and verification guidelines adopted by the federal energy management program. Require the Department of Administration, to the extent feasible, to use the procedures under existing law governing energy conservation audits and construction projects when implementing these energy efficiency projects. Specify that any contracts using those procedures include a provision stating a minimum savings amount in energy usage and that the contractor guarantees that level of savings will be realized.

[Act 20 Sections: 112g, 112r, 221s, 227m, 234m, 248m, 317d, 339m, 501m, 516c, 534m, 535m, 535n, 583, 596c, 608, and 9105(1)(o)]

6. MEDICAL COLLEGE OF WISCONSIN TRANSLATIONAL RESEARCH EQUIPMENT

Enumerate the acquisition of \$12 million in translational research program equipment in Wauwatosa at the Medical College of Wisconsin. Authorize the Building Commission to issue up to \$10 million in general fund supported bonding to aid in the installation of the equipment.

Modify the following statutory provisions related to the Medical College of Wisconsin biomedical research and technology incubator as follows: (a) change the Medical College of Wisconsin's biomedical research and technology incubator debt service appropriation to allow for debt service payments to be made for grants, rather than just construction grants; (b) modify the legislative findings, which state that it is in the public interest and a policy concern of the state to assist Medical College of Wisconsin in the construction of a biomedical research and technology incubator, to also reference the installation of equipment; and (c) modify the grant requirements that have to be met before the Building Commission can make a grant to the Medical College of Wisconsin to refer to the cost of installation of equipment.

The fiscal effect of this project is included in the totals under Items 1 and 2.

[Act 20 Sections: 9c thru 9n, 232, 596i, and 9105(1)(m)]

7. HMONG CULTURAL CENTER

Authorize the Building Commission to issue up to \$2,000,000 in general fund supported bonding for the purpose of making a grant to an organization designated by the DOA Secretary that represents the Hmong people for the construction of a center in Dane County. In addition, authorize the Building Commission to issue up to \$250,000 in general fund supported bonding for the purpose of making a grant to an organization designated by the DOA Secretary that represents the Hmong people for the construction of a center in La Crosse. Authorize the Building Commission to issue a grant of up to \$2,000,000 for the construction of a cultural center in Dane County and up to \$250,000 for the construction of a cultural center in La Crosse. Specify that before approving any state funding commitment for the construction of the center in Dane County, the Building Commission must make a determination that the organization has secured

additional funding commitments of at least \$2,500,000 from nonstate revenue sources for the construction of the center.

Specify that before awarding the grant, the Building Commission must review and approve the initial budget and business plan of the centers. Specify that the Building Commission cannot make the grant, unless DOA has reviewed and approved the plans for the project although DOA cannot supervise any services or work or let any contract for the projects.

As a condition of the grants, the organizations must enter into an agreement with the DOA Secretary guaranteeing that the center will be operated to serve the nonsectarian cultural interests of the Hmong people. Specify that if the Building Commission makes the grants for the construction of the facilities, the state will retain an ownership interest in the facilities equal to the amount of the state's grant if the facilities are not used as a Hmong Cultural Center in Dane County or La Crosse or are not operated to serve the nonsectarian interests of the Hmong people.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding issued for the Centers.

Specify that Legislature finds and determines the following related to the construction of and operation of the Hmong Cultural Centers: (a) that a significant number of Hmong people are citizens of this state; (b) that the Hmong people have a proud heritage that needs to be recognized and preserved and that Hmong people have experienced difficulties assimilating in Wisconsin; (c) that supporting the Hmong people in their efforts to recognize their heritage and to realize the full advantages of citizenship in this state is a responsibility of statewide dimension; and (d) because it would ensure that the heritage of the Hmong people is preserved and will better enable the Hmong people to realize the full advantages of citizenship, it will have a direct and immediate effect on a matter of statewide concern for the state to facilitate the construction and operation of the Hmong Cultural Centers.

The fiscal effect of this project is included in the totals under Items 1 and 2.

[Act 20 Sections: 9nd, 583, 596kd, 602c, 9105(1)(L), and 9105(5i)]

8. CIVIL WAR EXHIBIT AT THE KENOSHA PUBLIC MUSEUMS

Authorize the Building Commission to issue up to \$500,000 in general fund supported bonding for the purpose of making a grant to aid in the construction of a Civil War exhibit as part of the Kenosha Public Museums in the City of Kenosha. Require that the state funding commitment be in the form of a grant to Kenosha Public Museums. Specify that before approving any state funding commitment and before awarding the construction grant, the Building Commission must make a determination that the organization has secured additional funding commitments of at least equal to \$2,000,000 from nonstate donations for the purpose of

constructing a Civil War Exhibit. Specify that if the Building Commission authorizes a grant to the Kenosha Public Museums, and if for any reason the facility that is constructed with the funds from the grant is not used as a Civil War exhibit, the state will retain an ownership interest in the facility equal to the amount of the state's grant. Include a legislative finding as to the public interest involved in assisting the construction of facilities that will be used for a Civil War exhibit.

Specify that the Building Commission cannot make a grant to the Kenosha Public Museums for the construction of a Civil War exhibit unless DOA has reviewed and approved the plans for the project although DOA cannot supervise any services or work or let any contract for the project.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding.

The fiscal effect of this project is included in the totals under Items 1 and 2.

[Act 20 Sections: 9nx, 583, 596k, 606h, 9105(1)(n), and 9105(6i)]

9. OCONTO BOND HEALTH CENTER PROJECT

Provide \$1,000,000 in general fund supported bonding to make a grant to aid in the expansion of the Bond Health Center in the City of Oconto from 4 to 14 beds and enumerate the project as part of the 2007-09 building program as a \$4,000,000 project. Specify that the Building Commission cannot issue the bonding or provide a grant to the Bond Health Center until it is determined that the project has received commitments for the non-state share of the project (up to \$3,000,000). Create a new bonding authorization for this purpose and a GPR debt service appropriation to make debt service payments on the bonds and any payments on an agreement or ancillary arrangement associated with the bonding. Include the statutory provisions and findings similar to those for other local projects of this type. The fiscal effect of this project is included in the totals under Items 1 and 2.

[Act 20 Sections: 9nf, 583, 596hd, 606k, 9105(1)(mc), and 9105(7j)]

10. STATEMENT OF BUILDING PROGRAM CONTINUATION

Continue the building and financing authority enumerated under the previous state building program into the 2007-09 biennium. Each building program is approved only for the current biennium; this provision would continue the past state building program into the 2007-09 biennium.

[Act 20 Section: 9105(2)]

11. PROJECT CONTINGENCY FUNDING RESERVE

Authorize the Building Commission, during the 2007-09 biennium, to use bonding provided for project contingencies for any project in the authorized building program. Generally, projects include an allowance of 5% to 7% of the total budget to cover unanticipated costs during construction.

[Act 20 Section: 9105(4)(a)]

12. CAPITAL EQUIPMENT ACQUISITION BONDING

Authorize the Building Commission, during the 2007-09 biennium to use bonding provided for capital acquisition in connection with any project in the authorized building program.

[Act 20 Section: 9105(4)(b)]

13. PROJECT LOANS

Authorize the Building Commission, during the 2007-09 biennium, to make loans from general fund-supported borrowing or the building trust fund to state agencies for any 2007-09 building program projects funded from non-GPR sources.

[Act 20 Section: 9105(3)]

14. DELETE 2005-07 UW-PLATTEVILLE HOTEL FACILITY PURCHASE

BR	- \$5,000,000
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Delete \$5,000,000 in program revenue supported bonding associated with the purchase and remodeling of a hotel facility at the UW-Platteville. Modify the 2005-07 state building program to delete the project enumeration.

[Act 20 Sections: 583r and 9105(9t)]

15. DELETE 2001-03 RACINE DISCOVERY PLACE MUSEUM

BR	- \$1,000,000
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Delete \$1,000,000 in general fund supported borrowing associated with the Racine Discovery Place Museum project, which was enumerated as part of the 2001-03 state building program. Delete the project from the 2001-03 state building program. In addition, delete the Building Commission requirements related to making a grant to Racine County to aid in the construction of the project.

[Act 20 Sections: 9nb, 583, 596kb, 606d, 3934b, and 9105(9p)]

CHILD ABUSE AND NEGLECT PREVENTION BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$340,000	\$990,400	\$1,129,700	\$1,440,100	211.8%	0.00	1.00	1.00	1.00	N.A.
FED	617,400	617,400	617,400	0	0.0	1.00	1.00	1.00	0.00	0.0%
PR	1,918,600	1,949,300	1,922,400	34,500	0.9	6.00	5.00	5.00	-1.00	-16.7
SEG	93,400	23,100	23,100	-140,600	-75.3	1.00	0.00	0.00	-1.00	-100.0
TOTAL	\$2,969,400	\$3,580,200	\$3,692,600	\$1,334,000	22.5%	8.00	7.00	7.00	-1.00	-12.5%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
PR	\$34,500	- 1.00

Provide \$30,700 in 2007-08 and \$3,800 in 2008-09 and delete 1.0 position, beginning in 2007-08, to adjust the Board's base budget for: (a) removal of noncontinuing items (-1.0 position, beginning in 2007-08); and (b) full funding of salaries and fringe benefits (\$30,700 in 2007-08 and \$3,800 in 2008-09).

2. STATE PLAN FOR THE PREVENTION OF CHILD MALTREATMENT

	Funding	Positions
GPR	\$1,440,100	1.00
SEG	- 140,600	- 1.00
Total	\$1,299,500	0.00

Provide \$580,100 (\$650,400 GPR and -\$70,300 SEG) in 2007-08 and \$719,400 (\$789,700 GPR and -\$70,300 SEG) in 2008-09 and convert 1.0 SEG position to 1.0 GPR position, beginning in 2007-08, to increase support for activities for the prevention of child maltreatment.

3. ATTACH TO DEPARTMENT OF CHILDREN AND FAMILIES

Attach the Board to the new Department of Children and Families (DCF), effective July 1, 2008.

[Act 20 Sections: 39 thru 50]

CHILDREN AND FAMILIES

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$0	\$0	\$307,887,600	\$307,887,600	N.A.	0.00	0.00	168.30	168.30	N.A.
FED	0	0	652,913,700	652,913,700	N.A.	0.00	0.00	237.48	237.48	N.A.
PR	0	0	134,867,300	134,867,300	N.A.	0.00	0.00	122.44	122.44	N.A.
SEG	<u>0</u>	<u>0</u>	<u>9,896,600</u>	<u>9,896,600</u>	N.A.	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	N.A.
TOTAL	\$0	\$0	\$1,105,565,200	\$1,105,565,200	N.A.	0.00	0.00	528.22	528.22	N.A.

Budget Change Items

1. CREATE DEPARTMENT OF CHILDREN AND FAMILIES

Provide \$307,887,600 GPR, \$652,913,700 FED, \$134,867,300 PR, and \$9,896,600 SEG in 2008-09 and 168.30 GPR positions, 237.48 FED positions, and 122.44 PR positions, beginning in 2008-09, to establish a new Department of Children and Families (DCF) on July 1, 2008.

	Funding	Positions
GPR	\$307,887,600	168.30
FED	652,913,700	237.48
PR	134,867,300	122.44
SEG	<u>9,896,600</u>	<u>0.00</u>
Total	\$1,105,565,200	528.22

Responsibilities and Duties. The act establishes DCF under the direction and supervision of the Secretary of Children and Families. The DCF Secretary position will be assigned to executive salary group 6, with a salary range of \$86,424 to \$133,960 for the 2007-08 fiscal year. The purpose of DCF is to focus on integrating the child welfare, child care, child support and Wisconsin Works (W-2) services and on increasing collaboration and efficiency in providing those services. The act also specifies that the creation of DCF and the merging of child welfare programs and W-2 do not alter the missions of these programs.

The act directs the Joint Legislative Council's Special Committee on Strengthening Families to advise the Secretaries of the Departments of Administration (DOA), Health and Family Services (DHFS), and Workforce Development (DWD) in planning and implementing the creation of DCF and to advise DCF regarding the administration of the programs within DCF.

The act establishes five unclassified division administrator positions and authorizes three additional unclassified positions for DCF. The act creates the following divisions in DCF: (a) Division of Administrative Services; (b) Division of State Child Welfare; (c) Division of Milwaukee Child Welfare; (d) Division of Wisconsin Works; and (e) Division of Workforce Supports. The Division of Workforce Supports will include child care, child support, emergency assistance, and the special supplemental nutrition program for women, infants, and

children (WIC).

The Department of Health and Family Services will transfer the following programs to the Divisions of State Child Welfare, Milwaukee Child Welfare, and Workforce Supports in DCF: (a) programs in the Division of Children and Families; (b) child abuse and neglect prevention; (c) food distribution and hunger prevention; and (d) WIC.

The Department of Workforce Development will transfer the following programs to the Divisions of Wisconsin Works and Workforce Supports in DCF: (a) W-2; (b) child care; (c) child support; and (d) other temporary assistance for needy families (TANF) related programs.

The act requires the DCF Secretary to plan for and establish a program of research designed to determine the effectiveness of the treatment, curative, and rehabilitative programs of the various divisions of the Department. The act authorizes the DCF Secretary to inquire into any matter affecting children and families, hold hearings, subpoena witnesses, and make recommendations on those matters to the appropriate public or private agencies. The act also specifies that DCF may sue and be sued.

Groups, Boards, and Committees. The act adds a representative from DCF to the following groups, boards, and committees, which currently have representatives from DHFS, DWD, or both: (a) the technical advisory committee assisting the Special Committee on State-Tribal Relations; (b) the Small Business Regulatory Review Board; (c) groups that collaborate to develop and implement programs that receive grants from the Office of Justice Assistance for providing alternatives to prosecution and incarceration for criminal offenders who abuse alcohol or other drugs; and (d) oversight committees that advise counties in administering and evaluating a program established under (c).

In addition, the act adds DCF to a list of agencies that: (a) may procure the exchange of public documents from other states and countries as may be needed for use in office; (b) receive an annual report from the Technical College System Board regarding pupils attending technical colleges; (c) receive contributions directed by court order for the support of a relative placed outside of the home in an institution; (d) in conjunction with the Department of Public Instruction develop and conduct training in suicide prevention and protective behaviors; (e) may request information from the Department of Corrections regarding registered sex offenders; (f) the Department of Regulation and Licensing must cooperate with in developing and maintaining a computer linkup to provide access to information regarding the current status of a credential issued to any person, including whether that credential has been restricted in any way; and (g) may receive notice from a personal representative of the date of the deadline for filing a probate claim.

Miscellaneous Provisions. The act removes as an issue, from the issues that the Joint Legislative Council could direct the Special Committee on Strengthening Wisconsin Families to study, the following: the advantages and disadvantages of merging DWD and DHFS to create a new Department of Family Supports to integrate family services currently administered by multiple departments.

The act also repeals an appropriation in DHFS for grants to counties for services for

children and families, which was to be funded with sales tax revenues collected from out-of-state direct marketers that enter into voluntary agreements with the Department of Revenue.

[Act 20 Sections: 1b, 1m, 2, 5, 11 thru 14, 15 thru 17a, 21, 38 thru 50, 53 thru 67, 95, 98, 103, 118, 123, 124, 161, 162, 166, 167, 327, 331, 335, 340, 341, 342 thru 381, 401, 404, 405, 411, 412, 418, 420 thru 424, 425 thru 437, 447, 448, 450, 451 thru 453, 453p, 454, 456 thru 458, 460e, 463, 465 thru 480, 527, 569, 612, 614, 622, 628, 633, 695, 696, 703 thru 706, 709 thru 711, 727, 737, 784, 785, 786, 793, 794, 796 thru 813, 815 thru 827, 830, 831, 833, 834, 836 thru 843, 845, 847 thru 849, 851 thru 857, 859 thru 867, 869 thru 879, 881 thru 903, 933, 1076 thru 1099, 1101, 1102, 1103, 1106 thru 1113, 1117 thru 1121, 1124, 1126 thru 1167, 1168 thru 1176, 1179 thru 1200, 1204 thru 1233, 1239 thru 1241, 1245, 1246, 1254 thru 1261, 1267 thru 1295, 1297, 1299 thru 1321, 1323 thru 1329, 1331 thru 1345, 1348, 1350, 1357 thru 1361, 1363 thru 1366, 1368, 1369, 1371 thru 1390, 1394 thru 1396, 1408, 1409, 1411, 1412, 1420n, 1434, 1435, 1448, 1452, 1455, 1456, 1459 thru 1465, 1465p, 1466, 1470, 1472, 1474, 1477, 1480 thru 1510, 1512, 1532, 1553, 1626 thru 1629, 1656 thru 1659, 1670, 1672, 1677, 1681 thru 1705, 1710 thru 1751, 1753 thru 1759, 1810, 1811, 1817, 1820, 1823, 1844 thru 1848, 1850, 1852 thru 1857, 1861 thru 1866, 1868 thru 1873, 1904, 1915 thru 1918, 2141, 2142, 2148, 2151, 2155 thru 2158, 2449, 2454d, 2549, 2550, 2590 thru 2592, 2609 thru 2613, 2644, 2648, 2649, 2685, 2687 thru 2691, 2711, 2712 thru 2717, 2736, 2738, 2760, 2769 thru 2777, 2862 thru 2866, 2906 thru 2909, 2914 thru 2919, 2922, 2931, 2936 thru 2993, 2998 thru 3002, 3007, 3008, 3013, 3016 thru 3018, 3029 thru 3033, 3036, 3039, 3040 thru 3055, 3059 thru 3066, 3091, 3095 thru 3099, 3104, 3105, 3112, 3129 thru 3131, 3133, 3178, 3210 thru 3214, 3244b, 3249, 3303, 3304, 3351, 3387m, 3391 thru 3395, 3436, 3454 thru 3456, 3468 thru 3470, 3478, 3480, 3492, 3559 thru 3562, 3639 thru 3646, 3650, 3651, 3661 thru 3664, 3667 thru 3676, 3689 thru 3694, 3703, 3704 thru 3706, 3720 thru 3725, 3727, 3730 thru 3732, 3735, 3736, 3738 thru 3746, 3747, 3748, 3758, 3760, 3761, 3765 thru 3771, 3776 thru 3778, 3779 thru 3784, 3789 thru 3792, 3795, 3796, 3809, 3818 thru 3824, 3826, 3828 thru 3836, 3885, 3886, 3916, 3927, 3934, 9121(5)&(6), 9130(2c), 9154(1), 9155(5k), and 9455(2)]

CIRCUIT COURTS

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$83,578,700	\$88,793,000	\$89,087,700	\$10,723,300	6.4%	511.00	511.00	511.00	2.00	0.4%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$9,961,600
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Provide adjustments to the base budget for full funding of salaries and fringe benefits (\$4,980,800 annually).

2. COURT INTERPRETER REIMBURSEMENT

GPR	\$531,500
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Provide \$233,500 in 2007-08 and \$298,000 in 2008-09 to increase state reimbursement to counties for court interpreter services. Modify statutory language to require that a court, in all criminal and civil proceedings, provide an interpreter for a party or witness who has limited English proficiency, regardless of indigence. Specify that the modification first applies to actions commenced on the effective date of the act.

Funding is divided as follows: (a) \$43,900 in 2007-08 and \$82,400 in 2008-09 for projected increased use of interpreters under prior law; and (b) \$189,600 in 2007-08 and \$215,600 in 2008-09 to reimburse counties for interpreters in all cases, regardless of indigence.

Under prior law, the state provided reimbursement to counties for interpreter services for indigent persons in criminal, delinquency, protective services, Chapter 48 (children's code) and Chapter 51 (alcohol, drug abuse, developmental disabilities, and mental health) proceedings at a rate of \$40 per hour for certified interpreters and \$30 per hour for qualified interpreters.

Base funding for court interpreter reimbursements is \$827,100. Under the act, total funding is \$1,060,600 in 2007-08 and \$1,125,100 in 2008-09.

[Act 20 Sections: 3773, 3774, and 9307(1)]

3. NEW KENOSHA COUNTY CIRCUIT COURT BRANCH

Create a new circuit court branch for Kenosha County. Provide 1.0 GPR circuit court judge position and 1.0 GPR court reporter position for Kenosha County. The initial election for the new circuit court branch will occur at the spring election for a term commencing on August 1, 2009, and ending on July 31, 2015. Since the term does not begin until after the end of the 2008-09 fiscal year, costs associated with the positions will not occur until the 2009-11 biennium. Based on 2006-07 salary levels, total annual funding needed for the 2.0 positions is \$230,500 GPR and \$3,900 PR.

[Act 20 Sections: 3706g and 9107(1j),(1k)&(1L)]

4. NEW JUNEAU COUNTY CIRCUIT COURT BRANCH

	Funding	Positions
GPR	\$230,200	2.00

Provide \$230,200 in 2008-09 and 1.0 circuit court judge position and 1.0 court reporter position to create a new circuit court branch for Juneau County. The initial election for the new circuit court branch will occur at the spring election of 2008 for a term commencing on August 1, 2008, and ending on July 31, 2014. Additional funding (\$34,400 in 2008-09) is provided under the Supreme Court to support supplies and services and computer costs associated with the new branch. [See "Supreme Court."]

[Act 20 Sections: 3707b and 9107(3g)&(3h)]

COMMERCE

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
GPR	\$22,544,300	\$23,842,000	\$23,067,000	\$1,820,400	4.0%	61.80	61.80	61.80	0.00	0.0%
FED	74,630,800	71,908,500	71,908,500	- 5,444,600	- 3.6	54.35	49.30	49.30	- 5.05	- 9.3
PR	53,002,400	49,918,100	50,043,100	- 6,043,600	- 5.7	208.70	204.75	204.75	- 3.95	- 1.9
SEG	<u>53,648,500</u>	<u>43,658,100</u>	<u>52,715,900</u>	<u>- 10,923,000</u>	<u>- 10.2</u>	<u>72.80</u>	<u>72.80</u>	<u>73.80</u>	<u>1.00</u>	<u>1.4</u>
TOTAL	\$203,826,000	\$189,326,700	\$197,734,500	- \$20,590,800	- 5.1%	397.65	388.65	389.65	- 8.00	- 2.0%
BR		- \$49,076,600								

Budget Change Items

Economic Development

1. STANDARD BUDGET ADJUSTMENTS

Provide adjustments to the base budget of \$172,700 GPR, \$250,600 FED, -\$1,019,400 PR and \$609,600 SEG annually as standard budget adjustments. Adjustments are for: (a) turnover reduction (-\$244,400 PR annually); (b) removal of noncontinuing items from the base (-\$2,000,000 PR annually relating to a transfer from WHEDA for Commerce housing programs in the 2005-07 biennium); (c) full funding of continuing salaries and fringe benefits (\$172,700 GPR, \$250,600 FED, \$1,210,200 PR, and \$609,600 SEG annually); (d) position reclassifications (\$6,800 PR annually); (e) overtime (\$8,000 PR annually); and (f) minor transfers within the same alpha appropriation. In total, changes due to standard budget adjustments will increase funding by \$13,500 annually.

GPR	\$345,400
FED	501,200
PR	- 2,038,800
SEG	<u>1,219,200</u>
Total	\$27,000

2. WISCONSIN DEVELOPMENT FUND AND ENTREPRENEURIAL AND TECHNOLOGY TRANSFER GRANTS

Provide \$775,000 in 2007-08 to increase GPR funding for the Wisconsin Development Fund. Total funding for the WDF is approximately \$23.1 million for the biennium (\$7,873,400 GPR in 2007-08 and \$7,098,400 GPR in 2008-09 and \$4,050,000 PR annually).

GPR	\$775,000
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The WDF is provided funding through a GPR appropriation and a program revenue repayments appropriation. Statutory legislative designations require Commerce to make annual awards of \$100,000 to the Center for Advanced Technology and Innovation (CATI) of Racine County, and \$100,000 to Urban Hope Corporation.

The act also increases from \$500,000 to \$600,000 the maximum entrepreneurial and technology transfer center grant that could be awarded under the WDF technology commercialization grant and loan program. The technology commercialization grant and loan program and related funding was incorporated into the WDF in 2005 Wisconsin Act 25. The program includes the following grant and loan programs: (a) technology assistance grants; (b) matching grants and loans; (c) bridge grants and loans; (d) venture capital grants and loans; and (e) entrepreneurial and technology transfer center grants. Entrepreneurial and technology transfer center grants provide financial assistance to support entrepreneurs through an entrepreneurial and technology transfer center. Grants can be used to fund center administrative costs and costs related to providing services including business planning, counseling, education, and technical assistance.

[Act 20 Section: 3581]

3. ECONOMIC DEVELOPMENT PROMOTION

Provide \$50,000 GPR in 2007-08 and \$700,000 GPR in 2008-09 in the Joint Committee on Finance supplemental appropriation. The \$50,000 could be released to Forward Wisconsin and the Department of Commerce to develop a plan, within six months after release, for using the \$700,000 to attract businesses to Wisconsin.

Due to a technical error, a provision in the Governor's budget bill was not deleted as intended. The provision allows the Commerce Secretary to appoint two positions in the unclassified service relating to advertising, promotion, and marketing activities within the U.S. for economic development and business recruiting. (However, the 2.0 GPR positions and associated funding recommended by the Governor for this purpose were deleted from the bill.)

[Act 20 Section: 3014]

4. RENEWABLE ENERGY GRANTS AND LOANS

	Funding	Positions
SEG	\$22,057,800	1.00

Create a renewable energy grant and loan program under the Wisconsin Development Fund (WDF). Under the provision, Commerce can award a grant or loan to a business or researcher to fund:

- a. Research and development, including demonstration projects, into renewable energy technologies;
- b. Development of renewable energy sources and infrastructure in Wisconsin, including the conversion of nonrenewable energy sources to renewable energy;

- c. The commercial application of renewable energy technologies sources;
- d. The construction of one or more cellulosic ethanol production plants.

Grants cannot exceed 50% of the costs of an eligible project.

Commerce is required to consider all of the following criteria to evaluate applications for a grant or loan:

- a. The extent to which the project will assist in the research, development or use of renewable energy sources in Wisconsin.
- b. The extent to which the project will improve the competitive position of Wisconsin's renewable energy industry or enhance the capabilities of Wisconsin's renewable energy industries.
- c. Whether the technology or product is one which Wisconsin has a competitive advantage.
- d. The likelihood that the project will lead to the commercial application of new technologies or practices that involve the development, production, processing or distribution of renewable energy.
- e. The extent to which the project will utilize existing, surplus, or byproducts of natural resources in Wisconsin.
- f. The extent to which the project will strengthen Wisconsin's existing industries by converting wastes or byproducts generated by existing industries into renewable energy.
- g. The extent to which the project will develop technologies to increase the capacity of Wisconsin's manufacturing industries to utilize renewable energy sources.

Commerce can also consider the following factors in evaluating applications for a grant or loan:

- a. Factors that would be considered in awarding other Wisconsin Development Fund grants and loans;
- b. Whether the applicant is considered to be small business, minority owned business, locally owned business, or a farm; and,
- c. The geographical distribution of grants and loans awarded.

Commerce is authorized to promulgate administrative rules necessary to administer the renewable energy grants and loans program. However, Commerce is required to consult with the Department of Agriculture, Trade, and Consumer Protection (DATCP), the Department of Natural Resources (DNR), and the Public Service Commission (PSC).

The recycling fund is renamed the "recycling and renewable energy fund." A biennial SEG appropriation is created with \$7.0 million in 2007-08 and \$15.0 million in 2008-09 for grants and loans. The current WDF program revenue repayments appropriation can also be used for

renewable energy awards and WDF recycling fund revenues can also be used for other WDF programs. A separate annual administrative appropriation is established and recycling fund revenues of \$57,800 beginning in 2008-09, with 1.0 position is provided to administer the program.

[Act 20 Sections: 179j, 193h, 199j, 199k, 261r, 261t, 278g, 281g, 282nf, 282nh, 282nj, 302k, 302tk, 320f, 516d, 551r, 678n, 690t, 2483q, 3086p, 3088d, 3564x, and 9108(4t)]

5. AWARDS FOR PULP AND PAPER MILL

Commerce is required to award renewable energy grants totaling not more than \$5.0 million to a pulp and paper mill that emerged from bankruptcy in Wisconsin if all of the following apply:

- a. The grant recipient submits a plan to the Department specifying the proposed use of the grant, and the Secretary of Commerce approves the plan.
- b. The Department enters into a written agreement with the grant recipient that specifies the conditions for the use of the grant, including auditing and reporting requirements.
- c. The grant recipient agrees in writing to submit to Commerce, within six months after spending the grant proceeds, a report detailing how the grant proceeds were spent.

Commerce is authorized to promulgate administrative rules necessary to administer the renewable energy grants and loans program. However, Commerce is required to consult with the Department of Agriculture, Trade, and Consumer Protection (DATCP), the Department of Natural Resources (DNR), and the Public Service Commission (PSC).

Further, Commerce is to make two loans of \$1.0 million each from the Wisconsin Development Fund, in the 2007-09 biennium, to a pulp and paper mill that emerged from bankruptcy in Wisconsin. Commerce will enter into an agreement with the loan recipient that specifies the uses for the loan proceeds and reporting and auditing requirements.

[Act 20 Sections: 198, 199j, and 9108(4v)&(5x)]

6. WISCON PROGRAM TRANSFER

	Funding	Positions
FED	-\$1,442,000	-9.00

Delete \$721,000 and 9.0 positions annually from Commerce to reflect the transfer of the WISCon program to the University of Wisconsin System, State Laboratory of Hygiene. Program responsibility was transferred by the administration effective October 1, 2006.

The WISCon program is funded 90% with federal grant monies and provides services to help businesses comply with federal OSHA safety regulations. Consultants assess existing safety programs, evaluate work practices, identify assistance, and provide training for

managers and employees. The consultants are separate from the OSHA enforcement function, and do not issue citations, propose penalties, or report safety violations to OSHA. The business must commit to the timely correction of any serious deficiencies discovered during the consultation visit.

7. RESTRUCTURE WISCONSIN DEVELOPMENT FUND

Eliminate current Wisconsin Development Fund (WDF) grant and loan programs and related administrative processes and establish more general program criteria and procedures for distributing financial assistance through the WDF. Under the restructured program, Commerce, at the request of the Development Finance Board (Board), is authorized to make grants or loans to eligible recipients. Eligible recipients include governing bodies or "persons" eligible to receive grants or loans. (The universal statutory definition of "person" includes all individuals, partnerships and bodies politic or corporate.) Activities eligible for awards include: (a) capital financing; (b) worker training; (c) entrepreneurial development; (d) providing assistance to technology-based business or to businesses at a foreign trade show or event; (e) promoting urban or regional economic development; (f) establishing revolving loan funds; (g) providing working capital; and (h) promoting employee ownership by conducting or implementing feasibility studies to investigate the reorganization or new incorporation of existing businesses as employee-owned businesses.

The Wisconsin Development Finance Board is expanded to include two legislative members, one appointed by the Speaker of the Assembly, and one appointed by the Majority Leader of the Senate. All other appointed members of the Board, including current members, must be confirmed by the State Senate.

Commerce is required to establish criteria for awarding WDF grants and loans, including the types of projects that are eligible for funding and that receive priority. The Department will determine conditions applicable to grants and loans awarded. An origination fee of not more than 2% of the amount of the award can be imposed on grants or loans of \$200,000 or more. Fees that are collected will continue to be placed in the program revenue, WDF administration appropriation. With Board approval, Commerce is required to develop procedures, related to grants and loans for all of the following: (a) submitting applications for grants and loans; (b) evaluating applications; (c) monitoring project performance; and (d) auditing grants and loans. The requirement that the Department, with Board approval, develop and implement procedures for monitoring grant use, economic growth, job creation, and new jobs continues.

Provisions requiring Commerce and the Board to encourage and assist small businesses in applying for and obtaining financial assistance are retained. However, a small business is defined as a business with fewer than 100 employees, rather than the prior definition of a business operating for profit with 250 or less employees.

Similarly, the Department will continue to retain 1% of WDF, GPR funding for: (a) evaluations of proposed technical research projects; (b) grants to small businesses for preparing proposals for the federal small business innovative research program; and (c) costs associated

with administering the WDF loan portfolio.

When an application for financial assistance is received, the Board will consider a number of factors in determining whether to award a grant or loan. Most of these factors were considered under prior law. However, the Board can consider any, rather than all, of the factors. Specifically, in determining whether to make an award, the Board may consider any of the following:

- a. Whether the project serves a public purpose.
- b. Whether the project will retain or increase employment in the state.
- c. Whether the project "might not" (rather than "is not likely to" previously) occur without the grant or loan.
- d. Whether financing is available from another source on reasonably equivalent terms.
- e. The extent to which the project will be financed with funds not provided by the state.
- f. Whether funds from the grant or loan will be used to pay overhead costs or to replace funds from another source.
- g. Whether the project will displace any workers in the state.
- h. The extent to which the project will retain or increase employment in the state.
- i. The extent to which the project will contribute to the economic growth of the state and the well-being of residents of the state.
- j. Whether the project will be located in an area of high unemployment or low average income.
- k. The financial soundness of the eligible recipient.
- L. The intention of the eligible recipient to repay the grant or loan.
- m. Whether the project will be located in a targeted area.
- n. For an ethanol production facility on which construction begins after July 27, 2005, whether a competitive bidding process is used for the construction of the ethanol production facility.

When considering whether a project for which financial assistance is requested is located in a targeted area the Board may consider any of the following factors:

- a. Whether the area has high unemployment.
- b. Whether the area has a low median household income.
- c. Whether a significant number of workers in the area have been permanently laid

off by their employers, or whether public notice has been given by an employer of either a plant closing or a substantial reduction in work force that will result in a significant number of workers in the area being permanently laid off.

- d. Whether the area is designated as a development or enterprise development zone.
- e. Any other factor the board considers to be an appropriate indicator of a targeted area.

Factors related to declining population and property values, and families receiving AFDC are deleted. The requirement that 35% of total grants and loans be made to businesses in distressed areas is retained.

The Board must require that, as a condition of receiving a grant or loan, a recipient has to contribute to a project an amount equal to at least 25% of the grant or loan. The Board will continue to be responsible for developing a policy related to the repayment of grants and loans awarded under the WDF. Specific provisions have been deleted that required that priority be given to recipients with techniques that reduce or eliminate ozone-depleting substances, hire AFDC assistance recipients, or that projects be located in targeted areas.

WDF programs that are repealed include: (a) revolving loan fund capitalization grants; (b) the rapid response fund; (c) employee ownership assistance grants; (d) major economic development grants and loans; (e) urban early planning grants; (f) technology development and commercialization grants and loans; and (g) customized labor training grants. Two programs with statutory provisions but that were not funded, Wisconsin Procurement Institute grants and technology and pollution control and abatement grants and loans, are repealed. The Wisconsin trade project grant program is not repealed, and the entrepreneurial training grant program does not have specific statutory provisions. In addition, the technology commercialization grant and loan programs that were incorporated into the WDF in 2005 Wisconsin Act 25 and related statutory provisions are not affected by the restructuring.

WDF definitions of terms, including biotechnology, consortium, higher educational institution, major economic development project, technology, and technology-based nonprofit organization that are related to specific WDF programs, are repealed. There are cross-reference changes to reflect the repeal and modifications of statutory provisions.

Under prior statutory provisions the WDF provided financial assistance through the following programs:

- a. *Customized Labor Training Grants.* Customized labor training (CLT) grants could fund labor training programs which provided employees with job training in new or more advanced technology, industrial and other employment-related skills, or job training in manufacturing processes to assist employers in maintaining a technologically advanced workforce. The Department could finance up to 50% of eligible project costs not to exceed \$2,500 per employee trained. Grant funds could be used to pay base wages of trainees and associated instructional costs.

b. *Technology Development and Commercialization Grants and Loans.* Technology development and commercialization grants and loans funded technical research by a business or consortium to develop new, or improve existing, industrial products or processes (technology development) and to assist businesses in infrastructure development and commercialization of a new, product or process. Awards could be granted for the following purposes: (1) a technology development grant or loan to a business or consortium to fund technical research to develop new or to improve existing industrial products or processes that had a high probability of commercial success within a relatively short time period (two to three years); or (2) a technology development loan to a business to provide working capital or fixed asset financing to develop the infrastructure of the business or for the initial commercialization of the new industrial product or process.

c. *Major Economic Development Grants and Loans.* Major economic development (MED) grants and loans funded projects that were not eligible for funding under criteria of any other WDF program, and that involved significant capital investment, or creation or retention of a significant number of jobs. The Board decided the amount of funding for a project and made a determination as to whether the award was a grant or loan. Historically, awards ranged between \$3,000 and \$10,000 per full-time job created. Allowable uses generally included expenditures for: construction and expansion; acquisition of existing businesses, land, buildings and equipment; and working capital.

d. *Employee Ownership Assistance Grants.* Employee ownership assistance grants funded the cost of an independent third party to provide professional services to evaluate the feasibility of an employee buy-out. The maximum grant was 75% of eligible project costs up to \$15,000. Grants could fund expenditures for feasibility studies to investigate the reorganization or new incorporation of an existing business as an employee-owned business, and for professional services to implement the study.

e. *Urban Early Planning Grants.* Urban early planning grants provided financial assistance to entrepreneurs and small businesses to fund professional services related to business start-ups or expansion. Grants could be made for up to 75% of eligible project costs up to \$15,000 to a single business but were generally limited to \$3,000 or less, unless it could be demonstrated that the project could have a statewide impact. The total amount of urban early planning grants that could be awarded was \$250,000 in a biennium. Grants must have been used to fund early planning projects. An early planning project was the preliminary stages of considering and planning the expansion or start-up of a business that was or would be located in an urban area in the state.

(Although the specific statutory provisions for urban early planning grants were deleted, early planning grants are provided and administered by the Wisconsin Entrepreneur's Network (WEN) with funding from Commerce.)

f. *Rapid Response Fund.* The rapid response fund provided financial assistance to businesses or local governments to prepare sites for businesses to locate or expand, in communities that experienced plant closings or substantial layoffs. Funding was provided in the form of loans. Loan recipients provided matching funds equal to 25% of the cost of the

project up to a maximum of \$250,000. The Department could not award more than \$2 million in total loans from the rapid response fund in a biennium. Loans could only be used for the following purposes: (1) the renovation or improvement of an existing building; (2) the purchase of land, an existing building, machinery or equipment; and (3) the construction of a new building.

g. *Revolving Loan Fund Capitalization Grants.* Revolving loan fund capitalization grants provided funding for local revolving loan funds, which were used to promote local and regional economic development, primarily in areas that experienced business closings or substantial layoffs. This program was, in part, intended to operate in conjunction with the rapid response fund. The maximum total amount of loan fund capitalization grants that could be made in a biennium was \$500,000. Grants were required to be used to establish or provide capital for local revolving loan funds. The revolving loan fund was used to promote local or regional economic development.

As noted, 2005 Act 25 incorporated the technology commercialization grant and loan programs and related funding into the WDF. These specific programs will continue to be used to make WDF awards.

a. *Technology Assistance Grants.* Technology assistance grants provide financial assistance to entrepreneurs and to start-up and early stage businesses to fund research and development or professional services related to obtaining early stage funding. The technology assistance grant program is administered by the Wisconsin Entrepreneur's Network (WEN) with funding from Commerce. To be eligible, applicants must be: (1) a small business, or individual entrepreneur who intends to form a small business, that is completing a grant application to be submitted to the federal government for the purpose of obtaining early stage research and development funding; or (2) an individual who is starting or developing a business that has significant growth potential, as evidenced by the potential to attract and receive early stage financing from third parties, but who needs assistance with a specific facet of starting or developing the business. The maximum grant or loan amount is 75% of eligible project costs up to a statutory maximum of \$15,000. However, in practice, the maximum award amount is \$3,000. Eligible project costs are professional services involved in: (1) preparation and review of a federal R&D grant application; (2) obtaining industry information, data or market research needed to complete applications for R&D or early-stage funding; or (3) meeting specific requirements to obtain seed or early-stage financing from outside sources.

b. *Matching Grants and Loans.* Matching grants and loans provide funding to individuals, entrepreneurs, and small businesses for professional services related to developing or the accelerated commercialization of a technologically innovative product, process, or service. Eligible applicants include: (1) a small business, or an individual entrepreneur who intends to form a small business; or (2) an individual who is starting or developing a business which has significant growth potential, as evidenced by the potential to attract and receive early stage financing from third parties, but who needs assistance with a specific facet of starting or developing the business. The maximum award is the lesser of 20% of the project costs or \$250,000. Grants or loans can be used to fund the following activities: (1) professional services

related to developing a proposed technologically innovative product, process, or service, if the applicant has received a grant from the federal government for a substantially similar purpose; or (2) professional services related to the accelerated commercialization of a technologically innovative product, process, or service, if the federal government has notified the applicant that the applicant will receive a grant from the federal government for a substantially similar purpose.

c. *Bridge Grants and Loans.* Bridge grants and loans provide financial assistance to individuals, entrepreneurs and small businesses experiencing financial hardship to cover expenses between early-stage and later-stage financing. To be eligible, the applicant must be: (1) a small business, or individual entrepreneur who intends to form a small business, that is completing a grant application to be submitted to the federal government for the purpose of obtaining early stage research and development funding; or (2) an individual who is starting or developing a business which has significant growth potential, as evidenced by the potential to attract and receive early stage financing from third parties, but who needs assistance with a specific facet of starting or developing the business. A bridge grant or loan may not exceed the lesser of 75% of project costs or \$100,000. The Department may make a bridge grant or loan to a person who has received early stage financing from third parties or a grant from the federal government to fund early stage research and development, and who has sought additional early stage financing from third parties or applied for an additional grant from the federal government to fund early stage research and development. Commerce may also make a bridge grant or loan for the purpose of funding professional activities necessary to maintain the project research and management team, and funding basic operations until the applicant's additional third party financing request or federal grant application is approved or denied.

d. *Venture Capital Grants and Loans.* Venture capital grants and loans provide financial assistance to individuals, entrepreneurs, and small businesses for early stage financing. To be eligible an applicant must be: (1) a small business or individual entrepreneur who intends to form a small business that is completing a grant application to be submitted to the federal government for the purpose of obtaining early stage research and development funding; or (2) an individual who is starting or developing a business which has significant growth potential, as evidenced by the potential to attract and receive early stage financing from third parties, but who needs assistance with a specific facet of starting or developing the business. The maximum venture capital grant or loan is the lesser of \$250,000 or 50% of project costs. Venture capital grants or loans may be made to provide funding that enhances the applicant's ability to obtain early stage financing from third parties.

e. *Entrepreneurial and Technology Transfer Center Grants.* Entrepreneurial and technology transfer center grants provide financial assistance to support an entrepreneurial and technology transfer center. Organizations, companies, or consortia that support entrepreneurs through an entrepreneurial and technology transfer center are eligible for grants. The maximum amount of grants that can be awarded in a fiscal year is \$500,000. Grants may be used to fund center administrative costs and costs related to providing services including business planning, counseling, education, and technical assistance. Core center services should involve assessing client needs and capabilities, and determining follow-up activities.

Commerce also makes business employees skills training (BEST) grants through the WDF.

The WDF is funded through a general purpose revenue (GPR), a program revenue (PR) repayments, and a recycling fund SEG appropriation. The program revenue repayments appropriation was established to operate similar to a revolving loan fund. Amounts received from WDF loan repayments are credited to the repayments appropriation and these monies can be used to fund WDF grants and loans.

[Act 20 Sections: 37e, 37f, 37g, 195, 198, 199j, 2533, 2534, 3024, 3093, 3094, 3564, 3566m, 3568 thru 3575, 3580, 3582 thru 3619, 3621 thru 3634, and 9308(1)&(2k)]

8. MANUFACTURING EXTENSION CENTER GRANTS

GPR	\$700,000
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Provide \$350,000 GPR annually to increase funding for manufacturing extension center grants. Total annual funding for program grants is \$1,200,000 GPR.

9. GAMING ECONOMIC DEVELOPMENT AND DIVERSIFICATION GRANT AND LOAN PROGRAM

GPR-REV	\$1,350,000
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Delete \$1,000,000 PR in 2007-08 and \$350,000 PR in 2008-09 from the tribal gaming revenue economic development and diversification grants and loans appropriation, and provide expenditure authority of \$1,000,000 PR in 2007-08 and \$350,000 PR in 2008-09 in the repayments appropriation, to shift the funding source for gaming economic development and diversification grants and loans from tribal gaming revenues to award repayments. Decreasing the tribal gaming PR appropriation by \$1,350,000 for the biennium has the effect of increasing the general fund lapse from tribal gaming revenues by the same amount.

10. BROWNFIELD GRANTS FUNDING REDUCTION

SEG	-\$1,000,000
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Reduce funding for brownfields grants by \$1,000,000 environmental fund SEG in 2007-08. As a result, a total of \$6,000,000 will be provided for grants in 2007-08. The \$1 million reduction is made to reduce an expected June 30, 2009, shortfall in the available balance of the segregated environmental management account.

The brownfields grant program provides financial assistance to businesses, governmental entities, and nonprofit organizations that conduct brownfields redevelopment and related environmental remediation projects. Brownfield redevelopment includes any work or undertaking to: (a) acquire a brownfields facility or site; and (b) to raze, demolish, remove, construct, renovate, or rehabilitate the facility or existing buildings, structures, or other improvements at the site. Ongoing funding of \$7,000,000 SEG from the environmental fund is maintained beginning in 2008-09 for brownfields grants.

11. ELIMINATE INACTIVE PROGRAMS

Delete the following inactive programs and related appropriations: (a) mining economic development grants and loans; (b) certified capital companies, but retain current reporting requirements; (c) recycling rebates; and (d) brownfields general purpose revenue grants.

[Act 20 Sections: 194n, 195, 197f, 198, 198f, 198g, 555f, 2161n, 2161o, 2161p, 2161q, 2161r, 2161s, 2161t, 3563s, 3564m, 3565g, 3566m, and 3581a thru 3581za]

12. GRANT TO ALLIED PAINTERS UNION

Require Commerce to make grants of \$125,000 from the Wisconsin Development Fund in 2007-08 and 2008-09 to the Painters and Allied Trades District Council 7 of the AFL-CIO for training. Commerce will enter into an agreement with the Painters Council that specifies the uses for the grant proceeds and reporting and auditing requirements.

[Act 20 Sections: 195 and 9108(7f)]

13. GRANT TO CHIPPEWA VALLEY TECHNICAL COLLEGE

Require Commerce to make a grant of \$160,000 during the 2007-09 biennium from the Wisconsin Development Fund to the NanoRite Facility at Chippewa Valley Technical College. Commerce will enter into an agreement with the Chippewa Valley Technical College that specifies the uses for the grant proceeds and reporting and auditing requirements.

[Act 20 Sections: 195 and 9108(4u)]

14. GRANT FOR CORNERSTONE ICE ARENA

Require Commerce to make a grant of \$50,000 from the Wisconsin Development Fund in the 2007-09 biennium to the Village of Ashwaubenon for maintenance and construction of the Cornerstone Ice Arena. Commerce will enter into an agreement with the village that specifies the uses for the grant proceeds and reporting and auditing requirements.

[Act 20 Sections: 195 and 9108(9i)]

15. GRANT FOR HOBBS ICE ARENA

Require Commerce to make a grant of \$50,000 from the Wisconsin Development Fund in the 2007-09 biennium to the City of Eau Claire for renovation of the Hobbs Ice Arena. Commerce will enter into an agreement with the City of Eau Claire that specifies the uses for the grant proceeds and reporting and auditing requirements.

[Act 20 Sections: 195 and 9108(8i)]

16. GRANT FOR FOX RIVER BOARDWALK

Require Commerce to make a grant of \$2,800,000 from the Wisconsin Development Fund in the 2007-09 biennium to the City of Green Bay for the CityDeck -- Fox River boardwalk. Commerce will enter into an agreement with the city that specifies the uses for the grant proceeds and reporting and auditing requirements.

[Act 20 Sections: 195 and 9108(6c)]

17. GRANT FOR COMMUNITY YOUTH CENTER

Require Commerce to make a grant of \$25,000 from the Wisconsin Development Fund in the 2007-09 biennium to the City of Mondovi for a community youth center. Commerce will enter into an agreement with the city that specifies the uses for the grant proceeds and reporting and auditing requirements.

[Act 20 Sections: 195 and 9108(7c)]

18. GRANT FOR ECONOMIC DEVELOPMENT

Require Commerce to make a Wisconsin Development Fund grant of \$15,400 in 2007-08 to the City of Stevens Point for economic development. Commerce will enter into an agreement with the City that specifies the uses for the grant proceeds and reporting and auditing requirements.

[Act 20 Sections: 195 and 9108(8c)]

19. GRANT FOR MANUFACTURING DEVALUATION PROPERTY TAX LOSS

Require Commerce to make Wisconsin Development Fund grants of up to a total of \$360,000 in 2007-08 to municipalities that have experienced manufacturing devaluation property tax loss in Wood, Adams, and Portage Counties. Commerce will enter into an agreement with each municipality that specifies the uses for the grant proceeds and reporting and auditing requirements.

[Act 20 Sections: 195 and 9108(10q)]

Housing, Buildings, and Environmental Regulation

1. WHEDA SURPLUS TRANSFER FOR HOUSING PROGRAMS

PR	\$6,025,000
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Direct the Wisconsin Housing and Economic Development Authority (WHEDA) to transfer \$2,000,000 from its unencumbered reserves in 2007-08 and in 2008-09 to the Department of Commerce for housing grants and loans, and \$1,000,000 from its unencumbered reserves in 2007-08 and 2008-09 for shelter for homeless and transitional housing programs. Create PR biennial appropriations for these purposes, authorize the payment of housing costs grants and loans and payment for shelter for homeless and transitional housing programs from the new appropriation accounts, and provide expenditure authority of \$2,000,000 and \$1,000,000, respectively, in 2007-08 and \$2,000,000 in 2008-09. Repeal these appropriations on June 30, 2009. 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.

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. Although 2005 Act 25 required Commerce to submit its 2007-09 budget request as though the \$2,000,000 was provided as GPR for base funding, Commerce did not do so. Rather, the \$2,000,000 PR provided in 2006-07 from WHEDA is removed under standard budget adjustments as noncontinuing funding.

In addition, the transfer from the Wisconsin Housing and Economic Development Authority (WHEDA) from its unencumbered reserves to Commerce for housing grants and loans is increased by \$25,000 in 2007-08 and expenditure authority of \$25,000 PR is provided in 2007-08. Commerce is required make a grant of \$25,000 to the City of Oshkosh for neighborhood improvement and stabilization. Commerce is required to enter into an agreement with the City of Oshkosh that specifies the uses for the grant proceeds and reporting and auditing requirements.

[Act 20 Sections: 201 thru 202t, 3025 thru 3028f, 9108(1)&(5i), 9408(1i)&(2i), and 9424(1i)&(2i)]

2. HOUSING PROGRAMS REESTIMATE

Delete \$2,251,900 FED and \$5,709,900 PR annually to reestimate the current housing program appropriations, as shown in the table, and convert 3.95 PR positions to FED to correctly

	Funding	Positions
FED	-\$4,503,800	3.95
PR	-11,419,800	-3.95
Total	-\$15,923,600	0.00

reflect the federal source of funding. Further create a housing program services PR appropriation to receive funds from entities other than state agencies (such as housing service providers) to reflect current revenue sources.

Housing Program Appropriation Reestimates, Annual Amount

	Base		Act 20		Change to Base	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Federal						
Housing - federal aid, individuals and organizations	\$35,565,600	0.00	\$23,000,000	0.00	-\$12,565,600	0.00
Housing - federal aid, local assistance	0	0.00	10,000,000	0.00	10,000,000	0.00
Housing - federal aid, operations	<u>845,900</u>	<u>7.25</u>	<u>1,159,600</u>	<u>11.20</u>	<u>313,700</u>	<u>3.95</u>
Subtotal - Federal	\$36,411,500	7.25	\$34,159,600	11.20	-\$2,251,900	3.95
Program Revenue						
Housing program services	\$6,909,900	3.95	\$700,000	0.00	-\$6,209,900	-3.95
Funding for the homeless - interest on real estate trust accounts	<u>0</u>	<u>0.00</u>	<u>500,000</u>	<u>0.00</u>	<u>500,000</u>	<u>0.00</u>
Subtotal - Program Revenue	\$6,909,900	3.95	\$1,200,000	0.00	-\$5,709,900	-3.95
Total, Annual Estimates	\$43,321,400	11.20	\$35,359,600	11.20	-\$7,961,800	0.00
Total Biennial Amount	\$86,642,800		\$70,719,200		-\$15,923,600	0.00

[Act 20 Section: 200m]

3. REGULATION OF ELEVATOR MECHANICS

The Department of Commerce is required to issue an elevator mechanic's license under s. 101.985 to each individual who satisfies one of the following:

a. Meets both of the following: (1) during the three years preceding the date of application, was continuously employed in a position requiring the individual to perform work that is at a journeyman level and that is relevant to the erection, construction, alteration, replacement, maintenance, repair, removal, or dismantling of conveyances, as verified by the individual's employers; and (2) satisfactorily completes a written examination administered by the Department covering the provisions of this subchapter, and rules promulgated under this subchapter, that are relevant to the license applied for or satisfactorily completes an elevator mechanic's examination approved by the Department and administered by a nationally recognized training program established by the elevator industry.

b. Satisfactorily completes an elevator mechanic's apprenticeship program that is approved by the U.S. Department of Labor or by the Department of Workforce Development.

Delete the requirement that the individual applying for the elevator mechanics license would have to demonstrate to the satisfaction of the Department that the person is adequately qualified and able to perform the work of an elevator mechanic.

2005 Wisconsin Act 456 was enacted May 25, 2006, and many of the provisions went into effect on June 1, 2007. Act 456 regulates elevators, escalators, and other similar conveyances, under which the Department issues an elevator mechanic's license to each individual who satisfies all of the conditions listed above under (a) and (b), and would also have had to meet the requirement that is deleted under the act.

[Act 20 Sections: 2641b thru 2641r]

4. CONSTRUCTION CAREER ACADEMY GRANT PROGRAM

PR	\$250,000
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The Department of Commerce is required to create a Construction Career Academy Grant Pilot Program to provide grants to organizations to implement programs to provide high school students with training in construction-related careers. Include the following components:

a. Provide \$250,000 in 2007-08 in a biennial appropriation from Safety and Buildings Division general program revenues.

b. Authorize organizations to apply for grants to operate Construction Career Academies which: (1) combine a multi-year high school program with industry concepts into core academic areas; (2) include work experience in the construction-related industries; (3) develop a learning community; and (4) coordinate classroom credits with the Wisconsin Technical College System or four-year colleges.

c. The grant recipient organization could receive a grant of up to \$900 per student in the local program for purchasing of materials, funding of field trips, equipment purchases, facility improvements, or other program specific needs.

d. The grant recipient organization could also receive a grant of up to \$50,000 for development of core curriculum, professional development, or other administrative needs of the organization. Commerce is required to determine the amount of administrative funds that each grant recipient organization could receive.

e. Direct Commerce to establish eligibility criteria for grants, which include the following requirements: (1) a minimum three-year commitment between a high school, local business partner or sponsoring organization and a technical college or four-year university; (2) the grant recipient shall provide matching funds equal to 50% of the grant award amount; (3) the project must include a work experience component; and (4) students are awarded a certificate of recognition for completing the Construction Career Academy plan of study.

f. Direct Commerce to promulgate administrative rules for the program. Direct Commerce to consult with the Department of Public Instruction regarding the curriculum that grant recipients would be required to use. Require Commerce to submit proposed administrative rules to the Legislative Council staff for review by December 31, 2007.

[Act 20 Sections: 206e, 206f, 2634e, and 9108(2c)]

5. GRANT TO CREX MEADOWS YOUTH CONSERVATION CAMP

PR	\$80,000
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Provide \$80,000 in 2007-08 in a biennial appropriation from Safety and Buildings Division general program revenues. Require Commerce to provide the \$80,000 as a grant for the Crex Meadows Youth Conservation Camp in Grantsburg (Burnett County). Require Commerce to provide the grant for the Crex Meadows Youth Conservation Camp in increments of \$40,000. Require the grant recipient to provide matching funds of \$10,000 for each \$40,000 grant received. Commerce is to distribute each \$40,000 grant increment when the grant recipient demonstrates that it has contributed \$10,000 in matching funds. The Crex Meadows Youth Conservation Camp provides opportunities for certain high school-aged youth to work for wages in a camp setting with the Department of Natural Resources (DNR) to complete community-based projects. Each participant is mentored through DNR and Crex Camp staff.

[Act 20 Sections: 206e, 206g, and 9108(3d)]

6. PECFA AWARDS

SEG	-\$35,200,000
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Decrease the PECFA program awards appropriation by \$17,600,000 SEG annually to provide \$20.0 million each year in the biennial appropriation for PECFA claims. The PECFA program reimburses owners and operators for a portion of the cleanup costs of discharges from petroleum product storage tank systems and home heating oil tank systems. PECFA awards are paid from a portion of the 2¢ per gallon petroleum inspection fee that is deposited in the segregated petroleum inspection fund. While \$37.6 million was appropriated for PECFA awards in 2006-07, actual expenditures were \$22.5 million.

7. PECFA REVENUE OBLIGATION BONDING AUTHORITY

BR	-\$49,076,000
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Delete \$49,076,000 in currently authorized, but unissued, PECFA revenue obligation bonding authority.

[Act 20 Section: 2629]

8. PENALTIES FOR VIOLATIONS OF HAZARDOUS SUBSTANCE TANK REGULATIONS

Increase the maximum civil penalty (forfeiture) that may be assessed to \$5,000, from the current \$1,000, for violations of regulations for tanks that store flammable, combustible, and hazardous liquids, including petroleum (each day of continued violation is a separate violation). In addition, increase the maximum forfeiture to \$5,000 (from \$2,000) for each day of violation of requirements that any owner or operator maintain records required by PECFA program rules. The U.S. Environmental Protection Agency removed \$50,000 from the federal leaking underground storage tank grant to Commerce in each of federal fiscal years 2005, 2006,

and 2007, and withheld approval of state program approval status for state administration of federal tank regulations, because the state does not assess penalties of up to \$5,000 or more for each day of violation.

[Act 20 Sections: 2614 and 2630]

9. DIESEL TRUCK IDLING REDUCTION GRANT PROGRAM

SEG	\$2,000,000
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Make the following changes in the diesel truck idling reduction grant program:

a. Provide an additional \$1,000,000 petroleum inspection fund SEG each year of the 2007-09 biennium for the grant program, to provide a total of \$2,000,000 SEG annually. This increase would be one-time funding in the 2007-09 biennium.

b. Change the percentage of eligible costs paid as a grant by the program to 50% (instead of the current 70%) and the percentage of eligible costs paid by the applicant to 50% (instead of the current 30%).

c. Specify that the maximum number of idling reduction units for which an applicant may receive grants is a cumulative maximum for grants awarded beginning in 2007-08 and including all grants awarded through 2010-11.

d. Specify that if the applicant owns and operates at least: (a) 501 but not more than 2,500 eligible truck tractors, the applicant could receive a grant for the greater of 30 (instead of 25 currently) units or 5% of the number of eligible truck tractors; and (b) if the applicant owns and operates at least 2,501 eligible truck tractors, the applicant could receive a grant for the greater of 125 units, or 3% of the number of eligible truck tractors (instead of the current 3%). This increases the number of eligible units for applicants with 2,501 to 4,167 truck tractors to 125 units (the same number an applicant with 2,500 truck tractors is allowed).

The diesel truck idling reduction grant program was created in 2005 Act 25 (the 2005-07 biennial budget act) to provide grants to common, contract and private motor carriers that transport freight and are headquartered in Wisconsin, for the purchase and installation of idling reduction units. An idling reduction unit is a device that is installed on a diesel truck tractor to reduce the long-duration idling of the truck by providing heat, air conditioning, or electricity to the truck while the truck is stationary and the main drive engine of the truck is not operating. Truck tractors are eligible for grants if they contain a post-1998 diesel truck engine that complies with federal air pollutant emission standards promulgated by the U.S. Environmental Protection Agency. Use of the idling reduction unit must result in a decrease in the emissions of one or more air contaminant, or in a decrease in the use of energy by the truck tractor on which the idling reduction unit is installed. Commerce is authorized to make grants for five fiscal years beginning on July 1, 2006, and ending on June 30, 2011.

[Act 20 Sections: 3564p thru 3564t]

10. FIRE DUES DISTRIBUTION

PR	\$1,060,000
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In order to reflect anticipated revenues, reestimate the appropriation for fire dues distribution to local fire departments from \$14,100,000 to \$14,390,000 in 2007-08 (an increase of \$290,000) and \$14,870,000 in 2008-09 (an increase of \$770,000).

Further, require that the unencumbered balance in the Wisconsin Technical College System operations appropriation revert back to the fire dues distribution appropriation at the end of each fiscal year (beginning June 30, 2008). Any lapsed amounts would be available for distribution to fire departments in the following year.

[Act 20 Sections: 265m and 9346(3k)]

CORRECTIONS

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
GPR	\$936,399,400	\$1,081,488,900	\$1,085,935,400	\$294,625,500	15.7%	9,249.62	9,445.47	9,494.22	244.60	2.6%
FED	2,589,900	2,589,900	2,589,900	0	0.0	0.00	0.00	0.00	0.00	0.0
PR	131,883,200	139,288,200	140,768,600	16,290,400	6.2	917.07	897.40	895.65	-21.42	-2.3
SEG	288,200	295,800	294,400	13,800	2.4	2.00	2.00	2.00	0.00	0.0
TOTAL	\$1,071,160,700	\$1,223,662,800	\$1,229,588,300	\$310,929,700	14.5%	10,168.69	10,344.87	10,391.87	223.18	2.2%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Provide \$90,522,800 and -4.25 positions in 2007-08 (\$83,142,600 GPR, \$7,375,200 PR and -4.25 PR positions, and \$5,000 SEG) and \$90,306,000 and -11.0 positions in 2008-09 (\$83,017,700 GPR and -5.0 GPR positions, \$7,283,300 PR and -6.0

PR positions, and \$5,000 SEG) for standard budget adjustments as follows: (a) turnover reduction of -\$8,394,200 GPR and -\$669,200 PR annually; (b) removal of non-continuing elements from base of -\$88,400 GPR and -\$222,500 PR and -4.25 PR positions in 2007-08, and -\$216,000 GPR and -5.0 GPR positions and -\$332,000 PR and -6.0 PR positions in 2008-09; (c) full funding of continuing salaries and fringe benefits of \$59,628,700 GPR and \$5,887,900 PR annually; (d) reclassifications of \$3,400 GPR annually; (e) overtime of \$24,190,600 GPR, \$1,852,200 PR, and \$4,900 SEG in 2007-08 and \$24,193,300 GPR, \$1,869,800 PR, and \$4,900 SEG in 2008-09; and (f) night and weekend differential of \$7,802,500 GPR, \$526,800 PR, and \$100 SEG annually. It should be noted that with overtime and night and weekend differential, these costs are removed when calculating full funding of salaries and fringe benefits. Thus, funding for overtime and night and weekend differential represent the estimated total funding for these items (not an increase from base funding).

	Funding	Positions
GPR	\$166,160,300	- 5.00
PR	14,658,500	- 6.00
SEG	10,000	0.00
Total	\$180,828,800	- 11.00

2. RENT

GPR	\$1,278,100
PR	<u>76,200</u>
Total	\$1,354,300

Provide \$500,500 GPR and \$15,200 PR in 2007-08 and \$777,600 GPR and \$61,000 PR in 2008-09 for rental costs on a departmentwide basis.

Funding would be divided as follows: (a) Division of Management Services (\$844,300 GPR and -\$66,700 PR in 2007-08 and \$964,000 GPR and -\$44,100 PR in 2008-09); (b) Division of Adult Institutions (-\$2,500 GPR and \$76,800 PR in 2007-08 and -\$2,300 GPR and \$83,300 PR in 2008-09); (c) Division of Community Corrections (\$201,800 GPR and \$1,300 PR in 2007-08 and \$376,500 GPR and \$2,500 PR in 2008-09); (d) Secretary's Office (\$900 GPR in 2007-08 and \$1,000 GPR in 2008-09); (e) Parole Commission (\$1,900 GPR in 2007-08 and \$2,000 GPR in 2008-09); (f) Division of Juvenile Corrections (-\$1,700 GPR and \$3,800 PR in 2007-08 and -\$1,500 GPR and \$19,300 PR in 2008-09); and (g) -\$544,200 GPR in 2007-08 and -\$562,100 GPR in 2008-09 as a result of receiving rent reimbursements from the Department of Administration.

3. DEBT SERVICE REESTIMATES

GPR	- \$54,400
PR	<u>26,900</u>
Total	-\$27,500

Provide \$439,100 GPR and -\$121,000 PR in 2007-08 and -\$493,500 GPR and \$147,900 PR in 2008-09 to reflect a reestimate of debt service costs in the Department. The reestimates include: (a) adult corrections, \$62,100 GPR in 2007-08 and -\$893,400 GPR in 2008-09; (b) juvenile corrections, \$377,000 GPR in 2007-08 and \$399,900 GPR in 2008-09; and (c) Badger State Industries, -\$121,000 PR in 2007-08 and \$147,900 PR in 2008-09.

In total, debt services for Corrections is: (a) adult corrections, \$74,592,500 GPR in 2007-08 and \$73,637,000 in 2008-09; (b) juvenile corrections, \$4,877,500 GPR in 2007-08 and \$4,900,400 GPR in 2008-09; and (c) Badger State Industries, \$117,600 PR in 2007-08 and \$386,500 PR in 2008-09.

4. FUEL AND UTILITIES REESTIMATES

GPR	\$8,375,700
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Provide \$3,634,300 in 2007-08 and \$4,741,400 in 2008-09 for estimated fuel and utilities costs in the Division of Adult Corrections. Base funding in 2006-07 for fuel and utilities was \$24,791,300 GPR.

5. PROGRAM REVENUE REESTIMATES -- DEPARTMENTWIDE

PR	-\$88,600
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Provide \$9,200 in 2007-08 and -\$97,800 in 2008-09 associated with the following program revenue reestimates: (a) -\$22,800 in 2007-08 and -\$129,800 in 2008-09 associated with supplies and services in the administration of restitution appropriation; and (b) \$32,000 annually for increased sex offender honesty testing costs.

6. INFORMATION TECHNOLOGY POSITIONS

	Funding	Positions
GPR	-\$540,800	20.00

Provide 20.0 positions annually to replace contracted consultants in the Department's information technology (IT) operations. Delete \$1,321,100 in 2007-08 and \$1,761,400 in 2008-09 from supplies and services, and provide \$1,089,300 in 2007-08 and \$1,452,400 in 2008-09 for salary and fringe benefit costs for the requested 20.0 positions. In total, funding would be reduced by \$231,800 in 2007-08 and \$309,000 in 2008-09. The positions will replace IT consulting staff performing such functions as IT systems development, IT supervision, applications specialist, applications development, and help desk services. The positions will replace 29 contractors utilized by the Department.

7. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL

Reassign the executive salary group (ESG) classification of the Department of Corrections Secretary from ESG 6 to ESG 8. Under current law, state agency executive positions were 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. The annual salary range for ESG 6 is from \$86,424 to \$133,960 for the 2007-08 fiscal year. The range for ESG 8 is from \$100,809 to \$156,253. The Governor's provision affects other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

[Act 20 Section: 623]

Adult Corrections

1. ADULT CORRECTIONAL FACILITY POPULATIONS

Estimate an average daily population in adult correctional facilities (correctional institutions and centers) and contract beds of 22,940 in 2007-08 and 23,241 in 2008-09. The following table identifies the estimated distribution of this population.

	November 2, 2007	<u>Average Daily Population</u>	
	<u>Actual Population</u>	<u>2007-08</u>	<u>2008-09</u>
Institutions*	19,697	19,004	19,012
Centers	2,454	2,511	2,526
Contract Beds**	<u>640</u>	<u>1,425</u>	<u>1,703</u>
Total	22,791	22,940	23,241

* Includes inmates placed at the Wisconsin Resource Center, operated by DHFS (330 on November 2, 2007, and 344 for each year in 2007-09).

** Contract bed populations include 30 inmates held in federal facilities who do not factor into estimated contract bed funding, summarized below [see Item #3].

2. POPULATION AND INFLATIONARY COST INCREASES

GPR	\$21,303,500
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Provide \$9,524,800 in 2007-08 and \$11,778,700 in 2008-09 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions as follows: (a) \$1,942,000 in 2007-08 and \$2,461,500 in 2008-09 for food costs; (b) \$258,600 in 2007-08 and \$283,400 in 2008-09 for variable non-food costs, such as clothing, laundry, inmate wages, and other supplies; and (c) \$7,324,200 in 2007-08 and \$9,033,800 in 2008-09 for inmate health care. The funding for inmate health services assumes that per capita annual inmate costs will increase from an estimated \$2,409 in 2006-07 to \$2,482 in 2007-08 and \$2,557 in 2008-09. Health care costs include pharmaceutical costs, and contracting costs with the University Hospital and Clinics, the UW Medical Foundation, Waupun Memorial Hospital, and other community hospitals.

3. PRISON CONTRACT BED FUNDING

GPR	\$51,544,900
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Provide \$23,189,300 in 2007-08 and \$28,355,600 in 2008-09 related to prison contract beds, with a projected need for 1,406 contract prison beds in 2007-08 and 1,684 contract beds in 2008-09. The act assumes the majority of contract beds will be in county jails and/or out-of-state facilities at a daily contract rate of \$51.46. In addition, the contract beds appropriation funds the costs of some offenders in federal beds (five annually), youthful adult offenders (six annually) in juvenile facilities, the temporary lock-up of correctional center system inmates, and inmate transportation costs from contracted facilities. As of November 2, 2007, there were 640 inmates in federal prisons and Wisconsin county jails.

Under the act, funding for the contract beds appropriation will be reduced by three other budget items, as indicated in the following table.

	2007-08		2008-09	
	<u>Amount</u>	<u>Beds</u>	<u>Amount</u>	<u>Beds</u>
Contract Bed Appropriation				
Base Funding	\$4,521,800	165	\$4,521,800	165
Prison Contract Bed Funding	<u>23,189,300</u>	<u>1,241</u>	<u>28,355,600</u>	<u>1,519</u>
	\$27,711,100	1,406	\$32,877,400	1,684
Funding Reductions				
Earned Release Program	-\$1,657,400	-88	-\$11,570,300	-616
Community Alternatives to Revocation (Community Corrections)	<u>-1,224,200</u>	<u>-65</u>	<u>-3,474,800</u>	<u>-185</u>
Total Prison Contract Bed Funding	\$24,829,500	1,253	\$17,832,300	883

4. FULL FUNDING FOR SECURITY POSITIONS

Provide \$1,549,300 and 39.0 positions annually to restore security personnel deleted as part of a general funding and position reduction item in the 2005-07 biennial budget.

	Funding	Positions
GPR	\$3,098,600	39.00

5. OVERTIME FUNDING

Provide \$8,914,200 in 2007-08 and \$8,984,000 in 2008-09 and 50.0 correctional officer positions annually to cover additional costs associated with overtime in adult correctional facilities. Also, direct the Department to utilize 14.0 positions vacant for more than a year for additional needed correctional officers. The increased overtime costs are associated with two collective bargaining modifications: (a) the 2.25% salary increase beginning April 1, 2007 (\$6,294,200 annually); and (b) three extra days of vacation each year (\$3,877,800).

	Funding	Positions
GPR	\$17,898,200	50.00

Further, require Corrections to submit a report to the Joint Committee on Finance, by January 1st of each odd-numbered year, regarding the usage of overtime in the correctional institutions. Specify that the report identify, by institution, the amount and costs of overtime utilized, categorized by reason for overtime.

[Act 20 Section: 3100g]

6. FUNDING AND POSITIONS FOR INMATE HEALTH CARE

Provide \$932,900 and 25.25 positions in 2007-08 and \$1,330,800 and 38.0 positions in 2008-09 associated with prison health care. Funding and positions will be provided as follows: (a) for expansion of mental health services at Taycheedah Correctional Institution -- 1.0 supervising psychiatrist, 2.0 psychologists, 1.5 psychologist supervisors, 7.0 licensed practical nurses, 5.25 psychological associates, and 1.5 office operations

	Funding	Positions
GPR	\$2,263,700	38.00

associates; (b) additional staffing at Taycheedah for assessments and evaluations, primary care at the health service unit, and nursing care -- 1.0 nurse practitioner, 2.5 licensed practical nurses, 4.5 nurse clinicians, 3.5 medical assistants, and 3.5 associate medical program assistants; (c) for additional infirmary positions at Dodge Correctional Institution -- 2.0 nurse clinicians, 0.25 nursing supervisor, and 1.5 hemodialysis technicians; and (d) 1.0 correctional officer at Fox Lake Correctional Institution associated with a revised post shift analysis.

7. EARNED RELEASE PROGRAM EXPANSION

	Funding	Positions
GPR	-\$9,766,200	31.50

Modify statutory language to require the Departments of Corrections and Health and Family Services to provide a substance abuse treatment program for inmates at any correctional facility that the Departments determine is appropriate for the purposes of the earned release program. Provide \$1,565,000 in 2007-08 and \$1,896,500 in 2008-09 and 31.5 positions annually to expand utilization of the earned release program. As a result of the changes, the Department estimates contract bed savings of \$1,657,400 and 88 beds in 2007-08 and \$11,570,300 and 616 contract beds in 2008-09.

Funding and positions will be associated with the following facilities: (a) Chippewa Valley Correctional Treatment Facility, \$651,700 in 2007-08 and \$790,800 in 2008-09 and 13.0 positions annually; (b) Racine Correctional Institution, \$625,900 in 2007-08 and \$756,100 in 2008-09 and 13.0 positions annually; and (c) Taycheedah Correctional Institution, \$287,400 in 2007-08 and \$349,700 in 2008-09 and 5.5 positions annually.

Under prior law, the Departments could designate a section of a mental health institution as a correctional treatment facility for the treatment of substance abuse of inmates, known as the Wisconsin substance abuse program, where inmates made eligible by a court could be released to parole or extended supervision if Corrections determined that the inmate had successfully completed the program ("earned release program"). Previously, the Drug Abuse Correctional Center was the only correctional facility meeting this statutory requirement. In addition to DACC, statutory language provided that the Robert E. Ellsworth Correctional Center could operate a substance abuse treatment program for female inmates for the earned release program.

[Act 20 Section: 3168]

8. PROGRAM REVENUE REESTIMATES -- ADULT CORRECTIONS

PR	\$6,744,800
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Provide \$3,222,000 in 2007-08 and \$3,522,800 in 2008-09 associated with the following program revenue reestimates: (a) \$2,500,000 annually associated with increased contracting costs at the Waupun Central Warehouse for canned goods; (b) \$47,200 in 2007-08 and \$56,100 in 2008-09 for increased LTE expenditures for canteen operations; and (c) \$674,800 in 2007-08 and \$966,700 in 2008-09 for increased utility costs at the Department's central generating plant.

9. PROGRAM REVENUE REESTIMATES -- PRISON INDUSTRIES

PR	- \$3,995,500
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Delete \$1,927,400 in 2007-08 and \$2,068,100 in 2008-09 associated with reduced costs for raw materials in prison industries.

10. COMPUTER RECYCLING PROGRAM REESTIMATE

SEG	\$3,800
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Provide \$2,600 in 2007-08 and \$1,200 in 2008-09 associated with reestimated revenue under the Department's computer recycling program appropriation. Base funding in 2006-07 for the computer recycling program was \$288,200 SEG with 2.0 SEG positions.

11. PROVISION OF STATE IDENTIFICATION

Require the Department to provide a state identification card to individuals released from prison who do not possess another form of state identification. Specify that an offender is required to pay for the state identification card from the balances in his or her general fund account and that such payment be a first draw on that account. Specify that, to the extent that funding is unavailable in an inmate's account, Corrections fund these costs.

[Act 20 Section: 3128m]

12. FOODSHARE APPLICATIONS

Require the Department to assist offenders prior to release in applying for assistance under the FoodShare program. Specify that an institution's address may be initially utilized in the application process. Allow an authorized correctional employee to receive telephone calls on an offender's behalf for matters related to the FoodShare program.

[Act 20 Section: 1667f]

13. TREATMENT ALTERNATIVES AND DIVERSION PROGRAM

Direct the Department of Corrections to submit a report to the Joint Committee on Finance by May 1, 2008, on the impact of the treatment alternatives and diversion program on the Department's 2009-11 biennial budget. Specify that Corrections evaluate the impact of increased community treatment and diversion programs for non-violent offenders on the Department's institutional and community corrections populations, and on the Department's costs of operation.

[Act 20 Section: 9109(2k)]

14. PRAIRIE DU CHIEN CORRECTIONAL INSTITUTION REPORT

Direct the Department of Corrections to evaluate the current capacity and usage of its segregation unit at the Prairie du Chien Correctional Institution, and submit a report to the Joint Committee on Finance by July 1, 2008 on the Department's findings. Require that the report specifically address the issue of inmate overcrowding at the segregation unit.

[Act 20 Section: 9109(3j)]

Community Corrections

1. FUNDING AND POSITIONS FOR GPS TRACKING OF CERTAIN CHILD SEX OFFENDERS

	Funding	Positions
GPR	\$5,793,200	71.10
PR	<u>464,800</u>	<u>0.00</u>
Total	\$6,258,000	71.10

Modify statutory language related to global positions system (GPS) tracking of certain child sex offenders as follows:

- a. Modify the effective date of the provisions to January 1, 2008.
- b. Modify lifetime tracking to include the following individuals:

- (1) Persons placed on supervised release (Chapter 980) or conditional release (Chapter 971), or discharged under Chapters 980 and 971 of the statutes, for a serious child sex offense on or after the effective date of the provisions;

- (2) Persons placed on lifetime supervision under s. 939.615 of the statutes for a serious child sex offense on or after the effective date of the provisions;

- (3) Persons for whom a special bulletin notification is issued on or after the effective date of the provision. Special bulletin notifications are issued when an offender is released to the community, who was convicted, or found not guilty or not responsible by reason of mental disease or defect, on two or more separate occasions of a sex offense;

- (4) Persons released from prison, or to extended supervision or parole, on or after the effective date of the provisions, for one of the following serious child sex offenses: (a) sexual contact or intercourse with a person who has not attained the age of 13 years and causes great bodily harm, if the person is not a relative; and (b) sexual intercourse with a person who has not attained the age of 12 years, if the person is not a relative;

- (5) Persons convicted, on or after the effective date of the provisions, who are release from prison, or to extended supervision or parole, for one of the following serious child sex

offenses: (a) sexual intercourse with a person who has not attained the age of 16 years by use or threat of force or violence, if the person is not a relative; and (b) sexual contact with a person who has not attained the age of 16 years by use or threat of force or violence, if the person is not a relative.

c. Require the Department to utilize a risk assessment instrument for serious child sex offenders for whom lifetime tracking is not required. If the risk assessment results in a determination that GPS monitoring is appropriate for the individual, the Department will maintain lifetime tracking of the individual. Further, require the Department to utilize a risk assessment instrument for individuals under supervision of the interstate corrections compact for a serious child sex offense.

d. Specify that the terms of any contract(s) for GPS monitoring services not exceed three years. Specify that the contracted services include the installation, removal, and technical maintenance of all GPS devices through local staff onsite in Wisconsin. Specify that the tracking devices utilized for active GPS monitoring must provide real-time alerts to the Department.

e. Create an appropriation in the Department for monies collected for costs related to GPS tracking of offenders. Specify that monies received be utilized for expenditures related to GPS tracking.

f. Provide that the Department may contract for services to escort persons on supervised release who are restricted during the first year of their release.

Provide \$1,469,800 GPR and 30.10 GPR positions and \$149,100 PR in 2007-08 and \$4,323,400 GPR and 71.10 GPR positions and \$315,700 PR in 2008-09 for the GPS monitoring program.

[Act 20 Sections: 319, 3134m thru 3165m, 3929, 3930, and 9409(1)&(2)]

2. SEX OFFENDER REGISTRY FEE

PR	\$580,500
PR-REV	\$1,819,000

Modify statutory language to allow the Department to require a person who must register as a sex offender, regardless of whether they are in Corrections' custody or supervision, to pay an annual fee of up to \$100 to offset costs of monitoring persons who are required to register. Specify that revenue generated from the fee be utilized to support enhanced sex offender management costs for polygraph testing and community treatment. Under the act, the additional revenue to be generated is estimated at \$911,500 PR in 2007-08 and \$907,500 in 2008-09. Provide increased expenditure authority of \$193,500 in 2007-08 and \$387,000 in 2008-09.

Under prior law, the Department could assess the annual fee on individuals who were required to register as a sex offender and were either in the Corrections' custody or under

supervision on probation, parole, or extended supervision.

[Act 20 Sections: 318 and 3132]

3. EXPANSION OF COMMUNITY ALTERNATIVES TO REVOCATION

GPR	\$1,087,000
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Provide \$1,745,500 in 2007-08 and \$4,040,500 in 2008-09 for purchased services for offenders to expand community alternatives to revocation, as follows: (a) \$709,100 in 2007-08 and \$998,400 in 2008-09 for community alcohol and other drug abuse treatment; (b) \$125,000 in 2007-08 and \$625,000 in 2008-09 for five day reporting centers (two to open in January, 2008 and three to open in July, 2008); (c) \$410,600 in 2007-08 and \$821,300 in 2008-09 for temporary living placements (75 placements opening in January, 2008); (d) \$1,095,000 in 2008-09 for increased costs associated with existing halfway house contracts; and (e) \$500,800 annually for 57 four-month placements in transitional jobs training. As a result of expanding community alternatives to revocation, reduce contract bed funding by \$1,224,200 and 65 beds in 2007-08 and \$3,474,800 and 185 beds in 2008-09.

Create a non-statutory provision specifying that \$323,000 of the funding provided for transitional jobs training be earmarked for the New Hope Project, Inc., a Milwaukee-based nonprofit organization. Direct the Department to provide an additional \$177,000 annually to the New Hope Project utilizing existing base resources.

[Act 20 Section: 9109(2)]

4. FULL FUNDING FOR COMMUNITY CORRECTIONS POSITIONS

GPR	\$79,000
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Provide \$39,500 annually to fully fund non-salary costs associated with 14.25 community corrections positions created in 2005 Act 25. Supplies and services funding for these positions was not funded in 2006-07 because the positions were created for less than 12 months that year.

5. PROGRAM REVENUE REESTIMATES -- COMMUNITY CORRECTIONS

PR	\$1,558,400
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Provide \$744,200 in 2007-08 and \$814,200 in 2008-09 associated with the following program revenue reestimates: (a) \$13,600 annually associated with increased costs for limited-term employees (LTEs) at the Department's Monitoring Center (a net result of an increase in \$270,000 annually for LTEs and a decreased of \$256,400 annually for supplies and services); (b) -\$38,900 annually for reduced supplies and services associated with drug testing costs; (c) -\$6,000 annually for the loans to persons on probation, extended supervision or parole to reduce funding to \$0 annually; (d) \$114,800 in 2007-08 and \$184,800 in 2008-09 for expenditures associated with sex offender management, including LTEs, rent, polygraph testing, sex offender

notifications, and supplies and services; and (e) \$660,700 annually for projected increased in LTE and supplies and services costs for probation, parole and extended supervision funded from supervision fees.

6. SPECIAL BULLETIN RELEASE NOTIFICATION

Modify special bulletin notification provisions to require that the police chief and the sheriff of any county in which a person regularly travels to or through also be notified if Corrections or the Department of Health and Family Services (DHFS) releases a sexually violent person or offender who has been convicted on two or more occasions of a sex offense.

Under current law (excluding the above modification), if an agency with jurisdiction (Corrections or DHFS) places a person in community confinement, or releases a person from confinement in a state correctional institution or institutional care, and the person has been found to be a sexually violent person (Chapter 980) or has, on two or more separate occasions, been convicted or found not guilty or not responsible by reason of mental disease or defect for a sex offense or for a violation of a Wisconsin law that is comparable to a sex offense, the agency with jurisdiction is required to notify the police chief of any community and the sheriff of any county in which the person will be residing, employed or attending school. Once notified a police chief or sheriff who receives a bulletin may provide any of the information in the bulletin to an entity in the police chief's community or the sheriff's county that is entitled to request information, to any person requesting information (if, in the opinion of the police chief or sheriff, providing the information is necessary to protect the public and if certain conditions are met) or to members of the general public if, in the opinion of the police chief or sheriff, providing that information is necessary to protect the public.

[Act 20 Section: 3132r]

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES

Reestimate the juvenile secured correctional facility average daily population (ADP) from 660 in 2006-07 to 804 in both 2007-08 and 2008-09, as shown in the following table. On November 2, 2007, 584 juveniles were under state supervision in a secured correctional facility. The population projections include juveniles funded under the serious juvenile offender (SJO) program. Under the act, the population projections in the table are used in the calculation of daily rates for each type of care.

Average Daily Population

	Projected ADP	
	2007-08	2008-09
Juvenile Correctional Facilities	583	583
Other Placements		
Corrective Sanctions	136	136
Aftercare Services	85	86
Subtotal – Other	221	221
Total ADP	804	804
Alternate Care	54	54

The juvenile detention facilities include Ethan Allen School, Lincoln Hills School, Southern Oaks Girls School, the SPRITE Program, and the Mendota Juvenile Treatment Center.

Under the corrective sanctions program, juveniles are placed in the community, following a period in a secured correctional facility, and are provided with intensive surveillance. In addition, for each corrective sanctions slot, an average of not more than \$3,000 annually is provided to purchase community-based treatment services.

Aftercare services include juveniles under state supervision following release from a juvenile correctional facility. Placement may be in an alternate care setting, a relative's home, or the juvenile's own home.

Alternate care includes residential care centers for children and youth, group homes, foster homes, and treatment foster homes. The average daily population for alternate care is a subset of aftercare services.

2. STATUTORY DAILY RATES

Under current law, daily rates for juvenile care in a given biennium are specified in statute by fiscal year for juvenile detention facilities, state aftercare supervision, and for each type of alternate care setting, including residential care centers for children and youth, group homes, treatment foster homes and foster homes.

Under the act, the following statutory daily rates would be established for juvenile correctional services provided or purchased by the Department that would be charged to counties and paid through counties' youth aids allocations, or paid by the state through the serious juvenile offender appropriation.

	Statutory Rates	Act 20	
	7-1-06 thru 6-30-07	7-1-07 thru 6-30-08	7-1-08 thru 6-30-09
Juvenile Detention Facilities*	\$209.00	\$259.00	\$268.00
Corrective Sanctions	82.00	99.00	101.00
Aftercare Supervision	33.00	35.00	37.00
Residential Care Centers	244.00	277.00	296.00
Group Homes	163.00	165.00	172.00
Treatment Foster Homes	87.00	132.00	145.00
Regular Foster Homes	50.00	67.00	74.00

*Including transfers from a juvenile detention facility to the Mendota Juvenile Treatment Center.

The daily rates for juvenile facilities, corrective sanctions, and aftercare supervision are calculated on the basis of budgeted funding levels, anticipated average daily populations, and the number of days in the year. Daily rates for alternate care settings (residential care centers, group homes, regular foster homes, and treatment foster homes) are determined by applying percentage adjustments to prior daily rates for each type of care (see the "Alternate Care" entry below).

[Act 20 Sections: 3113 and 3114]

3. YOUTH AIDS ALLOCATIONS

GPR	\$23,000,000
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Revise the calendar year allocations of community youth and family aids (youth aids) funding to reflect distributions for the 2007-09 biennium, as follows: (a) \$49,395,100 from the last six months of 2007, \$99,790,200 for 2008, and \$50,395,100 for the first six months of 2009. In 2007-08 and 2008-09, continue to allocate additional funding provided under previous legislative actions on the same basis.

Provide \$10,500,000 in 2007-08 and \$12,500,000 in 2008-09 to increase youth aids funding, to be allocated as follows: (a) \$5,250,000 for the last six months of 2007, (b) \$11,500,000 for 2008; and (c) \$6,250,000 for the first six months of 2009. Specify that this funding be allocated based on each county's proportion of the number of juveniles statewide who are placed in a juvenile correctional facility during the most recent three-year period for which information is available.

Under current law (excluding the above revisions), calendar year youth aids allocations are provided for each biennium. Statutory provisions specify allocations for youth aids funding in the following areas: (a) youth aids funding appropriated in the biennium for distribution to counties (\$75,826,300 GPR and \$2,449,200 PR); (b) youth aids increases provided under 1999 Act 9, which are required to be distributed to counties according to a three-factor formula (\$4,000,000 GPR); (c) youth aids increases provided under 2001 Act 16, which are required to be distributed to counties according to the three-factor formula and an additional override factor (\$2,106,500 GPR); (d) youth aids funding earmarked for emergency funding and arrest

supplements for small counties (\$450,000 GPR); (e) youth aids funding earmarked for counties participating in the corrective sanctions program (\$2,124,800 GPR); and (f) youth aids funding earmarked for alcohol and other drug abuse treatment programs (\$1,333,400 GPR).

[Act 20 Sections: 3116 thru 3124]

4. SERIOUS JUVENILE OFFENDER FUNDING

GPR	\$3,864,700
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Increase funding by \$1,436,100 in 2007-08 and \$2,428,600 in 2006-07 to reflect increased costs associated with state-funded serious juvenile offenders (SJO).

The SJO appropriation reimburses juvenile correctional institutions, secured child caring institutions, alternate care providers, aftercare supervision providers and corrective sanctions supervision providers for costs incurred for juveniles who receive an SJO disposition. All components of the SJO disposition are state funded; counties have no financial responsibility for a juvenile placed in the SJO program. A juvenile is subject to an SJO placement for certain acts committed on or after July 1, 1996, as follows: (a) if the juvenile is 14 years of age or more and has been adjudicated delinquent for committing a delinquent act that is equivalent to certain Class A, Class B, or Class C felony offenses; or (b) the juvenile is 10 years of age or more and has been adjudicated delinquent for attempting or committing first-degree intentional homicide or for committing first-degree reckless homicide or second-degree intentional homicide. An SJO disposition may only be made for these juveniles if the judge finds that the only other disposition that would be appropriate is placement in a secured correctional facility.

For a juvenile receiving a disposition as a Serious Juvenile Offender, the court is required to make the order apply for a period of five years if the adjudicated act was a Class B or Class C felony offense, or until the juvenile reaches 25 years of age if the adjudicated act was a Class A felony offense. The disposition includes the concept of Type 2 status, which allows the Department to administratively transfer a juvenile through an array of component phases, including both juvenile detention facility and community placements.

The adjusted base funding for the SJO appropriation is \$14,401,200 annually. Under the act, the following average daily populations (ADPs) for the SJO appropriation, are projected for the 2007-09 biennium:

Average Daily Population

<u>Type of Care</u>	<u>Serious Juvenile Offenders</u>	
	<u>2007-08</u>	<u>2008-09</u>
Juvenile Correctional Facilities	98	102
Corrective Sanctions Program	76	77
Aftercare Supervision	<u>58</u>	<u>58</u>
Total ADP	232	232
Alternate Care	46	46

5. ALTERNATE CARE

PR	\$744,000
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Provide \$218,500 in 2007-08 and \$525,500 in 2008-09 for juvenile residential aftercare (alternate care) to reflect decreasing population estimates. The residential aftercare appropriation funds the costs of care for juveniles placed in residential care centers for children and youth, foster care homes, treatment foster care homes, group homes, and certain other living arrangements. Base funding for the residential aftercare appropriation is \$4,869,800 (based on an estimated average daily population of 80.5 juveniles in 2006-07). Under the act, the alternate care ADP is projected at 59.5 in both 2007-08 and 2008-09.

Alternative care placements include placements in residential care centers for children and youth, group homes, treatment foster homes, and foster homes. Alternate care rates are estimated under the act by taking the actual average rates paid for each type of care for the first five months in 2006, and applying annual percentage rates of increase (7% for residential care centers for children and youth, 4% for group home placements, and 10% for foster homes) to estimate 2006-07, 2007-08, and 2008-09 average rates. The estimated 2007-08 and 2008-09 average rates and projected ADP of 59.5 juveniles are then used to calculate the budgeted amounts for alternate care.

While a single rate for each type of alternate care is established by statute, facilities providing each type of care vary in the daily rates that are charged. It is the Department's responsibility to manage these costs within the alternate care budget calculated on the basis of a single, average rate and estimated juvenile populations. The following table shows the statutory alternate care rates for 2006-07 and the average rates projected under the act for 2007-08 and 2008-09.

	Statutory Rates <u>7-1-06 thru 6-30-07</u>	Act 20	
		<u>7-1-07 thru 6-30-08</u>	<u>7-1-08 thru 6-30-09</u>
Residential Care Centers	\$244.00	\$277.00	\$296.00
Group Homes	163.00	165.00	172.00
Treatment Foster Homes	87.00	132.00	145.00
Regular Foster Homes	50.00	67.00	74.00

6. MENDOTA JUVENILE TREATMENT CENTER

PR	\$565,900
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Modify statutory provisions to reflect increased funding of \$249,200 in 2007-08 and \$316,700 in 2008-09 in the Department's juvenile correctional services appropriation for payments to the Department of Health and Family Services' (DHFS) interagency and intra-agency programs appropriation, for services for juveniles placed at the Mendota Juvenile Treatment Center (MJTC). Base funding for MJTC is \$1,379,300 GPR and \$2,390,600 PR. Under the act, total funding will be \$1,379,300 GPR and \$2,639,800 PR in 2007-08 and \$1,379,600 GPR and \$2,707,300 in 2008-09.

The Mendota Juvenile Treatment Center is a secure correctional facility located on the grounds of the Mendota Mental Health Institute that provides evaluation of and treatment services to male adolescents transferred from Division of Juvenile Corrections institutions. Under current law, Corrections is required to transfer certain funds specified in statute to DHFS for those services. The act adjusts those amounts for the 2007-09 biennium.

[Act 20 Section: 832]

7. POSITION REDUCTIONS AND TRANSFERS IN JUVENILE CORRECTIONAL INSTITUTIONS AND CORRECTIVE SANCTIONS

	Funding	Positions
PR	-\$3,117,400	- 14.92

Reduce funding by \$1,558,700 and 14.92 positions annually associated with long-term vacancies in juvenile correctional institutions and corrective sanctions.

8. POPULATION-RELATED COST ADJUSTMENTS

PR	-\$1,720,000
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Delete \$895,800 in 2007-08 and \$824,200 in 2008-09 to reflect population-related cost adjustments as follows: (a) -\$143,600 in 2007-08 and -\$130,100 in 2008-09 for food costs at juvenile correctional institutions; (b) -\$84,700 annually for variable non-food costs (such as laundry, clothing, and personal items) for institutionalized juveniles; and (c) -\$667,500 in 2007-08 and -\$609,400 in 2008-09 to reflect juvenile health cost reductions.

9. PROGRAM REVENUE REESTIMATES -- JUVENILE CORRECTIONS

PR	\$2,031,300
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Provide \$851,500 in 2007-08 and \$1,179,800 in 2008-09 associated with the following program revenue reestimates: (a) \$816,700 in 2007-08 and \$1,145,100 in 2008-09 for juvenile utilities and heating supplies and services; and (b) \$34,800 in 2007-08 and \$34,700 in 2008-09 for supplies and services under the juvenile corrective sanctions program.

10. TRANSFER OF YOUTH DIVERSION PROGRAM FROM THE DEPARTMENT OF CORRECTIONS

	Funding	Positions
GPR	-\$760,000	0.00
PR	<u>-2,239,400</u>	<u>-0.50</u>
Total	-\$2,999,400	-0.50

Transfer the administration and grant funding of the youth diversion program from the Department of Corrections to OJA by: (a) transferring a 0.5 PR grant specialist position and its associated funding of \$24,800 PR annually from Corrections' youth diversion administration appropriation to OJA's law enforcement programs-administration appropriation; (b) revising the title of this OJA appropriation to reflect the transfer of youth diversion administration to OJA; (c) transferring \$300,000 PR annually in grant funding from the Juvenile Correctional Services' interagency and

intra-agency aids appropriation to OJA's interagency and intra-agency aids appropriation; (d) transferring the GPR and PR youth diversion grant appropriations and funding of \$380,000 GPR and \$794,900 PR annually from Corrections to OJA; and (e) renumbering the statutory language governing the administration of the program to OJA.

In addition, specify that a \$150,000 annual grant that was previously provided to an organization in the City of Racine's Ward 1, instead be provided to an organization in Racine's Ward 2. The grant will continue to be provided to the George Bray Neighborhood Center.

Under 2001 Wisconsin Act 16, the youth diversion program was initially transferred from Corrections to OJA. The provisions of 2005 Wisconsin Act 25 transferred the program back to Corrections. During the 2005-07 biennium, however, the program was administered by OJA under a memorandum of understanding between Corrections and OJA. Under the act, the program is again transferred back to OJA.

Transition Provisions. On the general effective date of the biennial budget act, transfer the assets and liabilities, tangible personal property, and contracts of Corrections primarily related to its youth diversion program, as determined by the Secretary of DOA, to OJA. Specify that all incumbent employees of Corrections having duties primarily related to its youth diversion program, as determined by the Secretary of DOA, be transferred to OJA. Provide that all transferred employees will retain the same rights and employee status in OJA that they enjoyed in Corrections immediately prior to the transfer, and no transferred employee who had attained permanent status in his or her classified position be required to serve a new probationary period. Specify that the pending matters, and rules and orders of Corrections primarily related to its youth diversion program, as determined by the Secretary of DOA, would become the pending matters, rules and orders of OJA.

[Act 20 Sections: 102, 323, 325, 326, 487, 488, 539, 3125 thru 3128, 9101(5), and 9109(1)]

11. JUVENILE CORRECTIONAL SERVICES APPROPRIATION DEFICIT

Provide that all available program revenue balances in the juvenile residential aftercare and corrective sanctions appropriations be transferred to the juvenile correctional services appropriation on June 30, 2007.

[Act 20 Sections: 324g, 324i, 324k, 9209(1f), and 9409(2f)]

12. RESPONSE TO AUDIT OF JUVENILE COURT JURISDICTION FOR 17 YEAR OLDS

Direct the Department to submit a response to the audit of the effect of providing juvenile court jurisdiction for 17 year-olds to the Joint Legislative Audit Committee and Joint Committee on Finance by March 31, 2008.

[Act 20 Section: 9109(1f)]

COURT OF APPEALS

Budget Summary						FTE Position Summary				
Fund	2006-07	<u>Act 20</u>		<u>2007-09 Change Over</u>		2006-07	<u>Act 20</u>		<u>2008-09</u>	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	Amount		%	2007-08	2008-09	Number
GPR	\$8,817,100	\$9,527,000	\$9,527,000	\$1,419,800	8.1%	75.50	75.50	75.50	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$1,419,800
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Provide adjustments to the base budget including: (a) \$702,200 annually for full funding of salaries and fringe benefits; and (b) \$7,700 annually for full funding of lease costs.

DISTRICT ATTORNEYS

Budget Summary					FTE Position Summary					
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$41,212,300	\$42,729,400	\$42,859,700	\$3,164,500	3.8%	376.40	377.90	380.90	4.50	1.2%
PR	<u>1,835,100</u>	<u>3,334,700</u>	<u>3,317,100</u>	<u>2,981,600</u>	81.2	<u>43.75</u>	<u>41.50</u>	<u>41.50</u>	<u>-2.25</u>	-5.1
TOTAL	\$43,047,400	\$46,064,100	\$46,176,800	\$6,146,100	7.1%	420.15	419.40	422.40	2.25	0.5%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Provide standard adjustments totaling \$1,423,100 GPR and \$1,441,700 PR and -3.5 PR positions in 2007-08, and \$1,423,100 GPR and \$1,382,600 PR and -3.5 PR positions in 2008-09.

Adjustments are for: (a) turnover reduction (-\$214,700 GPR annually); (b) removal of noncontinuing elements from the base (-\$177,300 PR and -3.5 PR positions in 2007-08, and -\$236,400 PR and -3.5 PR positions in 2008-09); (c) full funding of continuing salaries and fringe benefits (\$1,539,900 GPR and \$1,619,000 PR annually); and (d) night and weekend differential (\$97,900 GPR annually).

	Funding	Positions
GPR	\$2,846,200	0.00
PR	<u>2,824,300</u>	<u>- 3.50</u>
Total	\$5,670,500	- 3.50

2. TREMPEALEAU COUNTY DISTRICT ATTORNEY

Provide \$49,300 in 2007-08, and \$49,800 in 2008-09, and 0.4 position annually to convert the elected district attorney in Trempealeau County to full-time status.

[Act 20 Section: 3926p]

	Funding	Positions
GPR	\$99,100	0.40

3. VERNON COUNTY DISTRICT ATTORNEY

Provide \$12,300 in 2007-08, and \$12,500 in 2008-09, and 0.10 position annually to convert the elected district attorney in Vernon County to full-time status.

[Act 20 Section: 3926p]

	Funding	Positions
GPR	\$24,800	0.10

4. ADDITIONAL ASSISTANT DISTRICT ATTORNEY POSITIONS

	Funding	Positions
GPR	\$129,600	2.00

Provide \$32,400 in 2007-08, and \$97,200 in 2008-09, to provide 2.0 additional assistant district attorney (ADA) positions as follows: (a) 1.0 ADA position to Polk County effective January 1, 2009; (b) 0.5 ADA position to Rock County effective January 1, 2008; and (c) 0.5 ADA position to St. Croix County effective January 1, 2008.

5. KENOSHA COUNTY ADDITIONAL ASSISTANT DISTRICT ATTORNEY POSITIONS

	Funding	Positions
GPR	\$64,800	2.00

Provide \$64,800 GPR in 2008-09 to provide 2.0 additional assistant district attorney positions in Kenosha County effective January 1, 2009.

6. BYRNE FUNDED ASSISTANT DISTRICT ATTORNEY POSITIONS

	Funding	Positions
PR	\$130,600	1.25

Direct the Department of Administration's Office of Justice Assistance to provide \$49,100 in 2007-08, and \$81,500 in 2008-09, to fund additional assistant district attorney positions for the following counties: (a) 0.25 FTE to Chippewa County, on the effective date of the act; and (b) 1.0 FTE to St. Croix County, effective January 1, 2008. Funding would be provided from the federal Byrne Justice Assistance Grant Program.

[Act 20 Sections: 9111(4q) and 9111(4r)]

7. FULL FUNDING FOR MILWAUKEE COUNTY CLERKS

PR	\$26,700
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Provide \$8,800 in 2007-08 and \$17,900 in 2008-09 to fully fund the salary and fringe benefits costs of 6.5 clerks in the Milwaukee County District Attorney's Office that provide clerical services to prosecutors handling violent crime and felony drug violation cases in Milwaukee County's speedy drug and violent crime courts and unlawful possession or use of firearms cases. Program revenue funding is generated from the \$3.50 special prosecution clerks surcharge which is only collected in Milwaukee County.

8. MULTIJURISDICTIONAL ENFORCEMENT GROUP ASSISTANT DISTRICT ATTORNEY POSITIONS

Direct DOA's Office of Justice Assistance (OJA) to provide federal Byrne funding in each year of the biennium to partially support the following multijurisdictional enforcement group (MEG) prosecutor positions: (a) 2.0 prosecutor positions in Milwaukee County; and (b) 0.75 prosecutor position in Dane County. Direct the Department of Justice (DOJ) to provide state

penalty surcharge funding in each year of the biennium to provide the remaining funding for the identified MEG prosecutor positions in Milwaukee and Dane counties. Specify that the MEG prosecutors be provided the following funding: (a) \$60,000 in 2007-08 and \$65,900 in 2008-09, to fully fund the 0.75 MEG prosecutor in Dane County; and (b) \$143,000 in 2007-08 and \$157,600 in 2008-09 to fully fund the 2.0 MEG prosecutors in Milwaukee County. (DOA would have the discretion to determine the split in Byrne and penalty surcharge dollars to fund these positions.) Finally, direct DOJ to provide state penalty surcharge funding in each year of the biennium to fund 1.0 MEG prosecutor position in St. Croix County. As the 1.0 MEG prosecutor in St. Croix County is solely funded from penalty surcharge dollars appropriated to DOJ, direct DOJ to provide \$84,500 PR in 2007-08 and \$94,600 PR in 2008-09, to fully fund this position.

Further, specify that OJA must utilize 44% of the federal fiscal year (FFY) 2007 and 2008 Byrne Justice Assistance Grant awards to support local MEGs. This provision would permit the state to fully fund these MEG prosecutors regardless of the level of federal Byrne funding provided in FFY 2007 and FFY 2008, but still ensure that available Byrne funding be utilized in like proportion as in 2005-07 to support local MEGs. [See "Administration -- Office of Justice Assistance."]

Multijurisdictional enforcement groups are cooperative law enforcement efforts to prosecute criminal violations of Chapter 961 (the Uniform Controlled Substances Act). The funds supporting these positions are provided under the federal Justice Assistance Grant (Byrne) Program and from state penalty surcharge dollars. The penalty surcharge is imposed whenever a court imposes a fine or forfeiture for most violations of state law or municipal or county ordinance. Under current law, the penalty surcharge equals 26% of the total fine or forfeiture.

These positions are currently authorized prosecutor positions.

[Act 20 Sections: 9101(6L) and 9111(1L), (2L)&(3L)]

EDUCATIONAL COMMUNICATIONS BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	Amount		%	2007-08	2008-09	Number
GPR	\$7,718,000	\$8,001,400	\$8,135,100	\$700,500	4.5%	37.44	37.44	37.44	0.00	0.0%
FED	1,171,800	1,171,800	1,171,800	0	0.0	0.00	0.00	0.00	0.00	0.0
PR	<u>8,856,100</u>	<u>8,922,700</u>	<u>8,922,900</u>	<u>133,400</u>	0.8	<u>24.74</u>	<u>24.74</u>	<u>24.74</u>	<u>0.00</u>	0.0
TOTAL	\$17,745,900	\$18,095,900	\$18,229,800	\$833,900	2.3%	62.18	62.18	62.18	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$16,200
PR	<u>133,200</u>
Total	\$117,000

Adjust the base budget by -\$8,100 GPR and \$66,600 PR annually for: (a) full funding of continuing salaries and fringe benefits (-\$122,100 GPR and \$37,800 PR annually); (b) reclassification of the electronic technician classification series to improve recruitment for these positions (\$39,700 GPR and \$14,800 PR annually); (c) overtime (\$66,400 GPR and \$11,000 PR annually); and (d) night and weekend pay differentials (\$7,900 GPR and \$3,000 PR annually).

2. REESTIMATE DEBT SERVICE

GPR	\$520,500
PR	<u>200</u>
Total	\$520,700

Reestimate debt service costs by \$212,100 GPR in 2007-08 and \$308,400 GPR and \$200 PR in 2008-09. Annual base level funding is \$2,265,600 GPR and \$13,100 PR.

3. FUEL AND UTILITY EXPENSES

GPR	\$196,200
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Provide \$79,400 in 2007-08 and \$116,800 in 2008-09 for fuel and utility expenses for the ECB over annual base level funding of \$674,000.

ELECTIONS BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$960,600	\$0	\$0	-\$1,921,200	-100.0%	11.00	0.00	0.00	-11.00	-100.0%
FED	204,600	0	0	-409,200	-100.0	5.00	0.00	0.00	-5.00	-100.0
PR	57,700	0	0	-115,400	-100.0	0.00	0.00	0.00	0.00	0.0
SEG	750,100	0	0	-1,500,200	-100.0	0.00	0.00	0.00	0.00	0.0
TOTAL	\$1,973,000	\$0	\$0	-\$3,946,000	-100.0%	16.00	0.00	0.00	-16.00	-100.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Provide standard adjustments totaling \$95,200 GPR and -\$129,100 FED and -4.0 FED positions in 2007-08, and \$97,300 GPR and -\$226,800 FED and -5.0 FED positions in 2008-09.

Adjustments are for: (a) removal of noncontinuing elements from the base (-\$129,100 FED and -4.0 FED positions in 2007-08, and -\$226,800 FED and -5.0 FED positions in 2008-09); (b) full funding of continuing salaries and fringe benefits (\$85,400 GPR annually); and (c) reclassifications (\$9,800 GPR in 2007-08 and \$11,900 GPR in 2008-09).

	Funding	Positions
GPR	\$192,500	0.00
FED	-355,900	-5.00
Total	-\$163,400	-5.00

2. STATEWIDE VOTER REGISTRATION SYSTEM MAINTENANCE AND SUPPORT

Provide \$831,500 GPR and \$79,800 PR annually to provide state funding for annual maintenance and support costs associated with the Department of Administration's Division of Enterprise Technology's (DET) hosting of the Statewide Voter Registration System on DET hardware. Program revenue would be provided from the Board's materials and services PR appropriation. The materials and services PR appropriation is estimated to generate an additional \$89,800 annually in PR-revenue during the 2007-09 biennium from the sale of data from the Statewide Voter Registration System.

GPR	\$1,663,000
PR	159,600
Total	\$1,822,600

3. FEDERAL ELECTION ADMINISTRATION FUNDING

FED	\$3,000,000
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Provide \$1,500,000 annually in increased expenditure authority to pay election administration costs utilizing federal funds provided under the Help America Vote Act. Funds would be utilized to make payments associated with: (a) the Statewide Voter Registration System; (b) state agency interface charges; (c) rent; (d) training; (e) travel; (f) photocopying; (g) postage; (h) printing; and (i) other computer charges.

4. CAMPAIGN FINANCE DATABASE CONVERSION

Reserve \$450,000 GPR annually under the Joint Committee on Finance GPR supplemental appropriation for possible future release to the Elections Board or Government Accountability Board for conversion of the campaign finance database. The provisions of 2007 Wisconsin Act 1 consolidated the Elections Board and the Ethics Board as a new Government Accountability Board (GAB). Under Act 1, the Elections and Ethics Boards cease to exist on the later of either: (a) September 1, 2007; or (b) the 31st day beginning after the date on which GAB has given final approval to the hiring of individuals to initially fill the positions of Legal Counsel to the Board, Administrator of the Ethics and Accountability Division of GAB, and Administrator of the Elections Division of GAB. [See "Program Supplements."]

Require the Department of Administration to: (a) assist the Elections Board or GAB in the selection of a vendor to complete the Board's campaign finance database conversion project; and (b) designate a staff person to provide the Elections Board or GAB quality assurance for information technology development work completed in connection with the creation of the Board's campaign finance database.

[Act 20 Section: 9101(7k)]

5. REIMBURSEMENT OF MUNICIPALITIES TO ESTABLISH UNIFORM POLL HOURS

GPR	\$240,000
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Reestimate the sum sufficient election-related cost reimbursement appropriation by \$80,000 in 2007-08, and \$160,000 in 2008-09, based on Board payment experience subsequent to the passage of 2005 Wisconsin Act 333.

Act 333 created this sum sufficient appropriation to provide funding to the Board to permit it to reimburse municipalities for additional costs incurred to adjust polling hours to begin at 7 a.m., at any election held after April 29, 2006. Only municipalities that maintained polling hours beginning later than 7 a.m., prior to April 29, 2006, are eligible to file claims to receive these reimbursements.

6. CREATION OF GOVERNMENT ACCOUNTABILITY BOARD

Effectuate the provisions of 2007 Wisconsin Act 1 creating GAB and deleting the Elections and Ethics Boards.

	Funding	Positions
GPR	-\$4,016,700	- 11.00
FED	- 3,053,300	0.00
PR	- 275,000	0.00
SEG	<u>- 1,500,200</u>	<u>0.00</u>
Total	-\$8,845,200	- 11.00

Delete Elections Board Appropriations and Funding. Delete the Elections Board's Chapter 20 appropriations schedule and appropriations on the effective date of the act. Delete funding and position authority of \$1,967,300 GPR and 11.0 GPR positions, \$1,575,500 FED and 1.0 FED position, \$137,500 PR, and \$750,100 SEG in 2007-08, and \$2,049,400 GPR and 11.0 GPR positions, \$1,477,800 FED, \$137,500 PR, and \$750,100 SEG in 2008-09.

Deposit of Revenues to Government Accountability Board Funds or Appropriations. Provide that the Elections Board (for so long as it remains constituted and vested with authority during 2007-09) must deposit all revenues received into the appropriate GAB fund or appropriation account, consistent with the purposes for which those revenues are directed by law to be deposited to or credited by GAB.

Expenditures from Government Accountability Board Appropriations. Provide that the Elections Board (for so long as it remains constituted and vested with authority during 2007-09) may encumber or expend moneys from any GAB appropriation, consistent with the purposes of that appropriation. Further, provide that the Elections Board may not encumber or expend funds in an amount greater than the amount that would have been authorized to the Board during 2007-09, if the passage of the budget bill had been delayed.

[Act 20 Sections: 1b, 543g, 3938c, 9118m(1u), and 9418m(1t)]

7. OVERSIGHT OF ELECTION ADMINISTRATION FUND

Provide that no later than the 15th day of each month, the Elections Board must (prior to its termination), and thereafter GAB must report to the Co-Chairs of the Joint Committee on Finance 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. Further provide that the report must detail the expenditures made under each of these categories, including an expenditure total for each category. Any Committee member who objects to an expenditure identified in the report must promptly notify the Co-Chairs of the Committee of the objection. If, upon receiving a monthly report, the Co-Chairs of the Committee do not notify the Executive Director of the Elections Board (prior to its termination), or the Legal Counsel for GAB, that the Committee has scheduled a meeting for the purpose of reviewing these expenditures made by the Board within seven working days after the report was submitted, the Board may continue to make expenditures from the Election Administration Fund. If within seven working days after the Board submits its monthly report, the Co-Chairs of the Committee notify the Executive Director

of the Elections Board (prior to its termination), or the Legal Counsel for GAB, that a member of the Committee objects to an expenditure from the Election Administration Fund identified in the monthly report, the Board may not make any additional expenditures from the Election Administration Fund for the Statewide Voter Registration System from the category to which the expenditure relates, except to pay prior legal obligations, until the Committee meets and authorizes additional expenditures to be made for that purpose from the Election Administration Fund. The Co-Chairs of the Committee must call a meeting of the Committee to be held within 90 days of the date that a member notifies the Co-Chairs that the member objects to an expenditure that is identified in a monthly report. Further provide that this oversight provision does not apply after June 30, 2009.

Current Law. 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. The balances in the fund may only be utilized to meet the requirements of HAVA and to address election administration costs as permitted by HAVA. HAVA required the state to develop an official, centralized, computerized Statewide Voter Registration System.

[Act 20 Section: 9227(1L)]

EMPLOYEE TRUST FUNDS

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
				Amount					Number	
GPR	\$1,832,600	\$1,550,400	\$1,318,700	-\$796,100	-21.7%	3.50	0.00	0.00	-3.50	-100.0%
SEG	<u>21,513,600</u>	<u>26,983,100</u>	<u>25,016,900</u>	<u>8,972,800</u>	20.9	<u>193.10</u>	<u>217.60</u>	<u>217.60</u>	<u>24.50</u>	12.7
TOTAL	\$23,346,200	\$28,533,500	\$26,335,600	\$8,176,700	17.5%	196.60	217.60	217.60	21.00	10.7%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	-\$463,000
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Provide standard adjustments totaling -\$231,500 annually. Adjustments are for: (a) turnover reduction (-\$293,800 annually); (b) removal of noncontinuing elements from base (-\$300,000 annually); (c) full funding of continuing salaries and fringe benefits (\$239,600 annually); (d) overtime (\$47,200 annually); (e) night and weekend differential (\$74,800 annually); and (f) full funding of lease costs and directed moves (\$700 annually).

2. REENGINEERING INFORMATION TECHNOLOGY SYSTEMS

	Funding	Positions
SEG	\$3,209,600	9.00

Provide \$2,448,900 in 2007-08 and \$760,700 in 2008-09 and 6.0 two-year project positions and 3.0 permanent positions annually for reengineering certain information technology (IT) systems. Under the act, the funding is placed in unallotted reserve. DOA will release the funding and related position authority upon approval of a plan submitted by ETF that specifies the goals and services to be delivered through the reengineering project. Direct ETF to provide to the Joint Committee on Finance, for informational purposes only, copies of any material submitted to DOA relating to a request to release funding from unallotted reserve.

In addition, place \$2,487,900 in 2007-08 relating to the implementation of a redesigned lump-sum payment system in the Joint Committee on Finance appropriation for segregated funds general program supplementation. Require ETF to submit a final report to the Committee on its plan for implementing the redesigned lump-sum payment system. Require that the report specify how the implementation plan for the system would conform to the DOA planning and monitoring standards to be submitted to the Joint Legislative Audit Committee in response to the LAB IT review. The release of funding for the implementation of the project would be approved under a 14-day passive process. Under this provision, \$674,800 in 2007-08

remains in ETF's unallotted reserve, for release by DOA, for planning purposes and project position costs.

Require ETF to submit a final report to the Committee on its plan for implementing an integrated health insurance enrollment, eligibility, and processing system. Require that the report specify: (a) the cost projections for each fiscal year in which implementation work is to be performed, including potential 2009-11 costs; (b) how the implementation plan for the system would conform to the DOA planning and monitoring standards to be submitted to the Joint Legislative Audit Committee in response to the LAB IT review; and (c) how the Department's internal resources will be utilized in the implementation work of the integrated health insurance enrollment, eligibility, and processing system and the implementation work associated with the of the lump-sum payment system to assure the timely and successful completion of both projects.

The total funding and positions provided in the act, including the funds placed in the Joint Committee on Finance appropriation for segregated funds general program supplementation, would be utilized as follows: (a) \$3,162,700 in 2007-08 and \$375,600 in 2008-09 and 2.0 two-year project positions annually for the evaluation and implementation of an integrated lump-sum payment system; (b) \$1,595,800 in 2007-08 and \$195,300 in 2008-09 and 4.0 two-year project positions annually for the evaluation and planning of an integrated health insurance enrollment, eligibility, and processing system; and (c) \$178,300 in 2007-08 and 189,800 in 2008-09 and 3.0 positions annually for ongoing support for the integrated health insurance enrollment, eligibility, and processing system.

The positions include 4.0 two-year project trust funds personnel positions, 2.0 two-year project accountant positions, and 3.0 permanent information systems development positions. The 6.0 project positions are intended to assist with day-to-day operations so that more experienced ETF personnel can participate in the systems evaluation and planning work being proposed.

Lump-sum payments are one-time payments that are made to certain WRS participants whose accounts are being closed for one of several reasons: (a) to pay a separation benefit when a participant leaves WRS service prior to being eligible for a retirement annuity and chooses to withdraw his or her employee contributions and investment earnings; (b) to pay a retirement benefit to a participant whose benefit is below the statutory threshold for a monthly annuity; or (c) to pay a death benefit when an active, inactive, or annuitant participant dies. Such payments require timely processing. Currently, the Department processes 12,000 to 15,000 lump-sum payments annually using a variety of information systems and paper processes. The funding and positions under the act will provide resources to evaluate, plan, and implement a single IT system for lump-sum payments that would be integrated into the same technical systems platform utilized by other departmental IT applications.

The Department also administers group health insurance plans for state employees and the employees of local governmental employers enrolled in ETF's Wisconsin Public Employers program. The Department indicates that more than 80,000 employees and 24,000 retirees are

currently covered under these health care coverage plans. ETF utilizes two separate systems to administer its health care plan responsibilities: one to manage participant information and one for the collection of premiums from employers. The funding and positions under the act will provide resources to evaluate system needs and plan for (but not implement) a single IT system for health care administration that would allow integrated management of participant information and employer premium collection, including secure on-line access to health insurance coverage data for employers and carriers. The Department indicates that upon completion of the evaluation and recommendations for a new health care management system, additional resources would be needed to implement the project.

[Act 20 Section: 9114(1c)]

3. CUSTOMER SERVICE FUNCTIONS

	Funding	Positions
SEG	\$5,253,500	14.50

Provide \$1,896,900 in 2007-08 and \$1,540,400 in 2008-09 and 14.5 positions for customer service functions. In addition, provide \$793,000 in 2007-08 and \$821,200 in 2008-09 for general program operations inflationary increases for supplies and services, and provide \$77,800 in 2007-08 and \$124,200 in 2008-09 to the appropriation for health insurance data collection.

ETF administers the Wisconsin Retirement System (WRS), which covers all state employees and most local governmental employees except for employees of the City and County of Milwaukee. The staffing increase is intended to address backlogs and improve response times for participant requests relating to their retirement and the transition of such individuals to retirement annuities and other post-retirement benefit programs for health insurance, the accumulated sick leave credit conversion program, life insurance, vision care, and long-term care insurance. These requests are expected to increase during the 2007-09 biennium and beyond due to the aging of the WRS workforce. The 14.5 positions provided under the act include: (a) 12.5 trust funds specialists; (b) 1.0 office assistant position; and (c) 1.0 accounting position.

4. VALUE-BASED HEALTH CARE PURCHASING INITIATIVES

SEG	\$850,000
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Provide \$425,000 annually for three value-based health care purchasing initiatives as follows: (a) \$125,000 annually for a contract with the University of Wisconsin Medical School to retain the services of a medical director to assist ETF and state's Group Insurance Board in establishing health care coverage and bidding requirements, negotiating with health plan providers, developing quality improvement initiatives, and enforcing standards for various types of programs operated by health plan providers; (b) \$150,000 annually to implement various cost containment pilot projects; and (c) \$150,000 annually for ETF's contribution to a joint contract that ETF and the Department of Health and Family Services (DHFS) plan to enter into with the Wisconsin Health Information Organization to collect, analyze, and publicly report certain health care claims information from insurers and administrators, to develop and maintain a centralized data repository, and to provide to DHFS,

without charge, health care claims information and reports requested by DHFS.

Authorize the ETF appropriation account under s. 20.515(1)(ut) to pay costs associated with contracting for insurance data collection and analysis services under s. 153.05(2r). Further, under s. 153.05(2r), provide that ETF may expend up to \$150,000 annually, in conjunction with DHFS funding, to contract jointly with a data organization to perform data collection services. These provisions reinstate similar provisions repealed under 2005 Wisconsin Act 228 on June 30, 2007.

Under 2005 Wisconsin Act 25, ETF was provided one-time funding of \$150,000 annually to conduct ongoing evaluations of the long-term value, effectiveness, and quality of existing and proposed health care cost-containment initiatives. Under 2005 Wisconsin Act 228, \$150,000 in one-time funding was provided to ETF for the costs of contracting (in conjunction with DHFS) for data collection, analysis, and reporting of health care claims information by a data organization. The act provides permanent funding to continue and expand these types of initiatives.

[Act 20 Sections: 543t and 2898h]

5. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE

GPR	-\$795,700
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Delete \$282,000 in 2007-08 and \$513,700 in 2008-09 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974. These supplements were authorized primarily by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394, and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Base level funding for the appropriation in 2006-07 was \$1,582,400.

6. OMBUDSPERSON SERVICES

	Funding	Positions
SEG	\$122,700	1.00

Provide \$59,400 in 2007-08 and \$63,300 in 2008-09 and 1.0 position annually for additional ombudsperson services to: (a) address health plan and benefits complaints; (b) conduct consumer outreach and education; and (c) conduct other quality assurance initiatives. The Department currently has two ombudspersons utilized entirely for processing health plan and benefits complaints. The additional position provided under the act will assist with the complaint workload and expand the Department's current ability to conduct outreach and education or other quality assurance initiatives.

7. MODIFICATION OF INITIAL STATE PAYMENTS FOR HEALTH INSURANCE PREMIUMS FOR CERTAIN STATE EMPLOYEES

Provide that, except for limited-term employees, the employer-required contribution

toward the health insurance premium of certain state employees would begin on the first day of the third month, instead of the first day of the seventh month, beginning after the date on which the employee begins employment with the state, not including any leave of absence. The provision would take effect July 1, 2008.

Under current law, for certain state employees, the employer is required to pay required employer contributions toward the health insurance premium of the insured employee beginning on the date on which the employee becomes insured (generally the first day of the month after beginning employment). Such employees include: (a) any member or employee of the Legislature; (b) a state constitutional officer; (c) a district attorney who did not elect to continue insurance coverage with a county (or who did elect such coverage but has terminated that election); (d) a justice of the Supreme Court; (e) a Court of Appeals judge; (f) a Circuit Court judge; (g) the chief clerk or sergeant at arms of the Senate or Assembly; or (h) faculty and academic staff of the University of Wisconsin System who are participating employees and who are employed for an expected duration of not less than six months on at least a one-third full-time employment basis.

For all other state employees, including limited-term employees, the employer is required to pay required employer contributions toward the health insurance premium of the insured employee beginning on the first day of the seventh month beginning after the date on which the employee begins employment with the state, not including any leave of absence. With the exception of limited-term employees, this requirement is changed under the act to the first day of the 3rd month.

[Act 20 Sections: 763 and 9414(1)]

8. PRIVATE EMPLOYER HEALTH CARE COVERAGE PROGRAM

	Funding	Positions
GPR	- \$400	- 3.50

Provide \$190,700 annually to fully fund 3.5 positions under standard budget adjustments and delete \$190,900 annually and 3.5 positions under a separate decision item to delete all funding and position authority for the private employer health care coverage program (PEHCCP). In the 2005-07 biennium, base level funding and staffing for the PEHCCP was limited to \$200 GPR annually and the 3.5 GPR unfunded positions.

Under 1999 Wisconsin Act 9, the Department was directed to design an actuarially-sound health care coverage program for small employers and to seek a plan administrator so the plan could be operational by January 1, 2001. The Department was unable to secure bids for a program administrator and subsequently sought a series of statutory changes during the 2001-03 biennium to make the program more attractive to potential plan administrators. While some modifications were enacted, the PEHCCP Board did not believe they were sufficient to result in a successful program, and no additional proposal was circulated for a plan administrator. Under current law, the statutory provisions relating to PEHCCP will be repealed on January 10, 2010.

EMPLOYMENT RELATIONS COMMISSION

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$2,440,100	\$2,587,600	\$2,587,600	\$295,000	6.0%	18.50	19.00	19.00	0.50	2.7%
PR	<u>553,000</u>	<u>558,100</u>	<u>598,000</u>	<u>50,100</u>	4.5	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>	0.0
TOTAL	\$2,993,100	\$3,145,700	\$3,185,600	\$345,100	5.8%	23.50	24.00	24.00	0.50	2.1%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Provide standard budget adjustments of \$147,500 GPR and \$5,100 PR annually for full funding of salaries and fringe benefits.

GPR	\$295,000
PR	<u>10,200</u>
Total	\$305,200

2. LEGAL SUPPORT STAFFING

Provide \$39,900 PR in 2008-09 in unallotted reserve to address attorney staffing needs during periods of employee turnover expected to occur due to anticipated retirements. In addition, provide a 0.5 GPR FTE confidential legal support staff position annually. The position will be funded through the reallocation of base funding for supplies and services (\$11,800 GPR in 2007-08 and \$16,200 GPR in 2008-09).

	Funding	Positions
GPR	\$0	0.50
PR	<u>39,900</u>	<u>0.00</u>
Total	\$39,900	0.50

3. DISCIPLINARY PROCEDURES FOR LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS

Provide that, notwithstanding current law procedures for disciplinary actions against police and fire fighters, a collective bargaining agreement entered into between law enforcement or fire fighting personnel and a municipal employer may contain dispute resolution procedures, including arbitration, that address the suspension, reduction in rank, suspension and reduction in rank, or removal of such personnel. If the procedures include arbitration, the arbitration hearing must be public and the decision of the arbitrator must be issued within 180 days of the conclusion of the hearing. In a bargaining unit containing law enforcement or fire fighting personnel, the municipal employer is prohibited from bargaining collectively with respect to: (a) the prohibition of access to arbitration as an alternative to other

disciplinary procedures under current law; (b) the reduction of current law standards relating to the determination of just cause to sustain charges against fire fighting or law enforcement personnel; and (c) the payment of compensation in a way that is inconsistent with the current law provision that no person may be deprived of compensation while suspended, pending the disposition of charges. The treatment of the collective bargaining provisions will first apply to law enforcement officers or fire fighters who are affected by a collective bargaining agreement that contains provisions that are inconsistent with that treatment on the day on which the agreement expires, or is extended, modified, or renewed, whichever occurs first.

In the absence of collective bargaining agreement provisions relating to disciplinary procedures as described above, current law provides that a law enforcement officer or fire fighter employed by a city (other than the City of Milwaukee), village, town or county may not be suspended, reduced in rank, suspended and reduced in rank, or dismissed by a grievance committee, civil service commission, county board, or board of police and fire commissioners (a tribunal) unless the tribunal determines that there is just cause to sustain the charges that have been brought against the officer or fire fighter. If the charges are sustained and the officer or fire fighter is disciplined by the tribunal, he or she may appeal the order to circuit court. [However, since 2000, a county law enforcement officer, under a decision of the Wisconsin Supreme Court (Eau Claire County v. General Teamsters Union Local No. 662, 2000 WI 57), may proceed either with an appeal to circuit court or with the grievance procedures, including arbitration, in the officer's collective bargaining agreement.] The trial based on the appeal is before the court, which must determine whether there is just cause to sustain the charges against the accused officer or fire fighter and the tribunal's order. If the charges and the tribunal's order are sustained, the tribunal's order is final and conclusive but, if reversed, the officer or fire fighter is reinstated and entitled to pay as though he or she were in continuous service. Similar procedures, other than the just cause standard, apply to police officers employed by the City of Milwaukee.

[Act 20 Sections: 2666e thru 2679i, and 9315(1f)]

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary					FTE Position Summary	
Fund	2006-07 Adjusted Base	<u>Act 20</u>		2007-09 Change Over <u>Base Year Doubled</u>		
		2007-08	2008-09	Amount	%	
GPR	\$46,046,200	\$44,892,800	\$49,690,500	\$2,490,900	2.7%	Positions for the Environmental Improvement Fund program are provided under the Departments of Administration and Natural Resources.
SEG	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>0</u>	0.0	
TOTAL	\$52,046,200	\$50,892,800	\$55,690,500	\$2,490,900	2.4%	
BR		\$435,135,000				

Budget Change Items

1. GENERAL AND REVENUE OBLIGATION BONDING AUTHORITY

BR	\$434,135,000
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Provide an increase in bonding authority for the environmental improvement fund, as shown in the following table. This includes \$65,990,000 in general obligation and \$368,145,000 in revenue obligation bonding authority. Revenue obligations are issued to provide financial assistance for municipal wastewater facility projects in the clean water fund program. State revenue bonds are retired primarily through repayments of program loans and issuance of general obligation bonds to pay for the state subsidy costs of low-interest loans in the clean water fund program. General obligation bonds are also issued to pay for the 20% state match to the federal capitalization grants for the clean water fund program and the safe drinking water loan program.

Environmental Improvement Fund (EIF) Bonding Authority

	<u>Current</u>	<u>Act 20</u>	<u>Total</u>
Clean water fund -- general obligation	\$637,743,200	\$59,900,000	\$697,643,200
Clean water fund -- revenue obligation	1,615,955,000	368,145,000	1,984,100,000
Safe drinking water -- general obligation	<u>32,310,000</u>	<u>6,090,000</u>	<u>38,400,000</u>
Total	\$2,286,008,200	\$434,135,000	\$2,720,143,200

The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban stormwater runoff control projects. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction or modification of public water systems. The land recycling loan program provides financial assistance to certain local governments for the investigation and remediation of contaminated (brownfields) properties.

[Act 20 Sections: 585, 586, and 3078]

2. PRESENT VALUE SUBSIDY LIMIT

Provide a "present value subsidy limit" totaling \$130.8 million for the environmental improvement fund as shown in the table. The subsidy limit represents the estimated state cost, in 2007 dollars, to provide 20 years of subsidy for the projects that will be funded in the 2007-09 biennium.

EIF Present Value Subsidy Limit

	2005-07 <u>Authorized</u>	2007-09 <u>Act 20</u>
Clean water fund program	\$109,600,000	\$114,700,000
Safe drinking water loan program	12,800,000	13,400,000
Land recycling loan program	<u>2,700,000</u>	<u>2,700,000</u>
Total	\$125,100,000	\$130,800,000

[Act 20 Sections: 3074 thru 3076]

3. ENVIRONMENTAL IMPROVEMENT FUND DEBT SERVICE

GPR	\$2,490,900
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Provide a decrease of \$1,153,400 in 2007-08 and an increase of \$3,644,300 in 2008-09 for estimated debt service costs for general obligation bonds. This would include: (a) a decrease of \$1,211,100 in 2007-08 and an increase of \$3,337,400 in 2008-09 for clean water fund program debt service; and (b) \$57,700 in 2007-08 and \$306,900 in 2008-09 for safe drinking water loan program debt service.

GPR debt service payments from 2005-06 through 2008-09 are shown in the following table. An additional \$6.0 million in general obligation bond debt service is paid in each year by loan repayments received from municipalities from loans that were originally provided from the proceeds of general obligation bonds. The land recycling loan program is funded through loan repayments of clean water fund loans made with the proceeds of federal grants to the clean water fund and does not have a separate debt service cost.

Environmental Improvement Fund General Fund Debt Service Expenditures

	<u>Clean Water Fund Program</u>	<u>Safe Drinking Water Loan Program</u>	<u>Total</u>
2005-06 Actual	\$36,248,800	\$1,989,700	\$38,238,500
2006-07 Base Budget	43,338,100	2,708,100	46,046,200
2007-08 Act 20	42,127,000	2,765,800	44,892,800
2008-09 Act 20	46,675,500	3,015,000	46,690,500

4. GRANT FOR CHELSEA SANITARY DISTRICT

Provide the Chelsea Sanitary District in Taylor County with a one-time exemption from financial hardship program eligibility and application deadline requirements under the clean water fund program. Place the Chelsea Sanitary District at the top of the hardship priority ranking list for 2007-08, before any other projects are funded. Finally, provide the Chelsea Sanitary District with a grant of up to \$80,000 in 2007-08 to be used for sanitary system improvements. (The project would not be subject to the following requirements for a project receiving hardship assistance: (a) the median household income of the municipality must be 80% or less of the median household income of the state; (b) the estimated total annual residential wastewater user charges would exceed 2% of the median household income without the financial assistance; and (c) the municipality is to pay at least 30% of the costs through a loan with an interest rate of as low as 0%.)

[Act 20 Section: 9135(3f)]

ETHICS BOARD

Budget Summary					FTE Position Summary					
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Number	%
GPR	\$286,000	\$0	\$0	-\$572,000	-100.0%	2.30	0.00	0.00	-2.30	-100.0%
PR	<u>409,500</u>	<u>0</u>	<u>0</u>	<u>-819,000</u>	-100.0	<u>3.45</u>	<u>0.00</u>	<u>0.00</u>	<u>-3.45</u>	-100.0
TOTAL	\$695,500	\$0	\$0	-\$1,391,000	-100.0%	5.75	0.00	0.00	-5.75	-100.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$24,600
PR	<u>33,400</u>
Total	\$58,000

Provide standard adjustments to the base budget totaling \$12,300 GPR and \$16,700 PR annually for full funding of continuing salaries and fringe benefits.

2. PROCUREMENT ACTIVITY WEBSITE

GPR	\$22,600
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Provide \$11,300 annually for maintenance costs and upgrades to the Board's procurement activity website. The provisions of 2005 Wisconsin Act 410 required the Board to develop and maintain this website.

Act 410 generally requires each state agency to provide specified information for posting on the Board's website regarding each solicitation for bids or competitive sealed proposals, and each proposed order or contract of the agency for which bids or competitive sealed proposals will not be solicited, that qualifies as a "major expenditure." This reporting and posting requirement also applies to an original order or contract that does not initially qualify as a "major expenditure," but subsequently qualifies as a "major expenditure" following a contract change order. A "major expenditure" means an expenditure of \$10,000 or more, or, when considering ongoing purchases, expenditures that total \$10,000 or more over the course of the state biennium.

3. CREATION OF GOVERNMENT ACCOUNTABILITY BOARD

	Funding	Positions
GPR	-\$619,200	- 2.30
PR	<u>- 852,400</u>	<u>- 3.45</u>
Total	-\$1,471,600	- 5.75

Effectuate the provisions of 2007 Wisconsin Act 1 creating the Government Accountability Board (GAB) and deleting the Elections and Ethics Boards.

Delete Ethics Board Appropriations and Funding. Delete the Ethics Board's Chapter 20 appropriations schedule and appropriations on the effective date of the act. Delete funding and position authority of \$309,600 GPR and 2.3 GPR positions, and \$426,200 PR and 3.45 PR positions annually.

Deposit of Revenues to Government Accountability Board Funds or Appropriations. Provide that the Ethics Board (for so long as it remains constituted and vested with authority during 2007-09) must deposit all revenues received into the appropriate GAB fund or appropriation account, consistent with the purposes for which those revenues are directed by law to be deposited to or credited by GAB.

Expenditures from Government Accountability Board Appropriations. Provide that the Ethics Board (for so long as it remains constituted and vested with authority during 2007-09) may encumber or expend moneys from any GAB appropriation, consistent with the purposes of that appropriation. Further, provide that the Ethics Board may not encumber or expend funds in an amount greater than the amount that would have been authorized to the Board during 2007-09, if the passage of the budget bill had been delayed.

[Act 20 Sections: 3938b, 3938c, and 9118m(1u)]

FINANCIAL INSTITUTIONS

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%			2007-08	2008-09	Number
PR	\$16,700,300	\$16,963,700	\$16,976,100	\$539,200	1.6%	139.04	139.04	139.04	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$539,200
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Adjust the agency's base budget for: (a) full funding of salaries and fringe benefits (\$436,900 annually); (b) reclassifications (\$16,200 in 2007-08 and \$28,600 in 2008-09); (c) full funding of lease costs (\$4,400 annually); and (d) turnover reduction (-\$194,100 annually).

2. ONE-TIME DELAY OF LAPSE TO GENERAL FUND

Specify that, on a one-time basis, the lesser of the unencumbered balance or \$20,000,000 from DFI's general program operations appropriation [s. 20.144(1)(g)] that would otherwise lapse to the general fund as GPR-Earned at the end of 2007-08 will, instead, be lapsed to the general fund on July 31, 2008, and be credited as GPR-Earned in the 2008-09 fiscal year.

[Act 20 Section: 9217(1j)]

FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY

Budget Summary						FTE Position Summary
Fund	2006-07 Adjusted Base	<u>Act 20</u>		<u>2007-09 Change Over Base Year Doubled</u>		There are no state authorized positions for the Fox River Navigational System Authority.
	2007-08	2008-09	Amount	%		
SEG	\$126,700	\$126,700	\$126,700	\$0	0.0%	

Budget Change Item

1. APPROPRIATION TECHNICAL CORRECTION

Provide for a technical correction that clarifies the Fox River Navigational System Authority's program revenue appropriation is a PR appropriation, rather than a conservation fund SEG appropriation. 2005 Act 25 specifies that if the State Building Commission determines land transferred to the state from the federal government along with the Fox River locks is not needed for navigational purposes, the proceeds of any sale of this property be deposited to a PR continuing appropriation for the administration, operation, repair and rehabilitation of the locks.

[Act 20 Section: 305]

GENERAL FUND TAXES

1. GENERAL FUND TAX CHANGES

The following table shows the general fund tax changes included in Act 20 that are estimated to have fiscal effects during the 2007-09 biennium. It should be noted that a number of tax reductions included in the act will phase in over a number of years and/or have delayed effective dates. As described in the individual entries that follow the table, the estimated fiscal effects of those provisions will increase in future years.

2007-09 General Fund Tax Changes -- Act 20 (In Millions)

	<u>2007-08</u>	<u>2008-09</u>	<u>2007-09 Biennium</u>
Individual Income			
Expand Health Insurance Deduction	\$0.0	-\$11.8	-\$11.8
Internal Revenue Code Update	-9.8	-3.8	-13.6
Retirement Exclusion	0.0	-2.5	-2.5
Increase Angel Investment Credit	-1.4	-2.5	-3.9
General Sales and Use			
Expand Exemptions for Catalogs	0.0	-0.6	-0.6
Corporate Income and Franchise			
Tax Shelter Voluntary Compliance Initiative	9.4	0.8	10.2
Increase Early Seed Credit	-1.4	-2.5	-3.9
Ethanol and Biodiesel Fuel Pump Credit	-0.2	-0.5	-0.7
Extend Beloit Development Opportunity Zone	0.0	-0.1	-0.1
Excise Taxes			
Increase Cigarette Tax Rate from \$0.77 to \$1.77	152.5	226.0	378.5
Increase Tobacco Products Tax	<u>10.5</u>	<u>21.9</u>	<u>32.4</u>
Net Impact of General Fund Tax Changes	\$159.6	\$224.4	\$384.0

Individual and Corporate Income Tax

1. INCOME TAX DEDUCTION FOR HEALTH INSURANCE PREMIUMS

GPR-REV	- \$11,800,000
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Provide an individual income tax deduction for health insurance premiums paid by employees who pay part of such premiums. Provide that the deduction will be phased in over a four-year period, starting in tax year 2008.

Current Income Tax Provisions Related To Health Insurance Premiums

There are a number of provisions under current law that provide income tax exclusions and deductions related to health insurance premiums. Under current federal law, to which Wisconsin conforms, employers may offer fringe benefits in the form of cafeteria plans, which allow employees to choose between receiving cash (or other taxable benefits) or certain qualified benefits (including health benefits) for which the law provides an exclusion from wages for income tax purposes. Therefore, under a cafeteria plan, employees may select to have their share of employment-based medical care insurance paid with pre-tax dollars, thereby reducing the employee's taxable wages by the amount paid for the medical care insurance.

Current state law also provides deductions for 100% of long-term care insurance premiums and for medical care insurance paid for by self-employed individuals that do not exceed net earnings from a trade or business that is taxable by this state. Wisconsin also provides a deduction related to premiums paid by an employee whose employer did not contribute anything toward the cost of the medical care insurance. In such cases, prior to tax year 2006, Wisconsin law permitted a deduction of 50% of the premiums paid by the employee. Effective with tax year 2006, as provided under 2005 Act 25, an employee whose employer did not contribute anything toward the cost of the medical care insurance may deduct 100% of the premiums paid by the employee. For purposes of these deductions, "medical care insurance" means a medical care insurance policy that covers a taxpayer, the taxpayer's spouse, and the taxpayer's dependents and provides surgical, medical, hospital, major medical, or other health service coverage.

In addition to the deductions described above, Act 25 created a deduction for medical care insurance premiums paid by an individual with no employer and no self-employment income, to be phased in over a three-year period beginning in tax year 2007 as follows: (a) 33.4% of the cost of such premiums are deductible in tax year 2007; (b) 66.7% will be deductible in tax year 2008; and (c) 100% of such premiums will be deductible in tax years 2009 and thereafter.

For non- and part-year residents, the current law deductions for medical care insurance premiums of employees and unemployed individuals must be pro-rated based on the share of total income that is taxable to Wisconsin. For self-employed individuals who are non- or part-

year residents, the medical insurance premium deduction must be pro-rated based on the individual's share of income earned from a trade or business taxable to Wisconsin.

Finally, certain medical care insurance premiums are also eligible to be included in the calculation of the state's itemized deduction credit. The itemized deduction credit is equal to 5% of the excess of allowable itemized deductions over the sliding scale standard deduction. Medical expenses that conform to those permitted as federal itemized deductions, which include medical expenses exceeding 7.5% of federal adjusted gross income (AGI), are generally allowable for calculating the state itemized deduction credit. However, medical care insurance premiums that are subtracted from Wisconsin income (under one of the income tax deductions described above) are disallowed for purposes of the state's itemized deduction credit.

Budget Provision

Under Act 20, an additional deduction will be phased in for medical care insurance premiums paid by an employee whose employer pays for some portion of the employee's health insurance costs. The deduction will use the same definitions and general parameters as those in effect for the current law deductions. As with the current law deductions for employees and unemployed individuals, a non- or part-year resident will have to pro-rate the new deduction for medical care insurance premiums based on the individual's share of total income that is taxable to Wisconsin. In addition, as with current deductions for medical care insurance premiums, medical insurance premiums that may be subtracted from Wisconsin income under the act will be disallowed for purposes of the state's itemized deduction credit.

These provisions will specifically benefit employees whose payments for medical care insurance are not made with pre-tax dollars (which would be the case when the payments are not being made under a cafeteria plan). Under the act, the additional deduction will be phased in over a four-year period. For tax year 2008, 10% of the portion of medical care insurance premiums paid by an employee (whose employer pays for some portion of the employee's health insurance costs) will be deductible. The percentage increases to 25% for tax year 2009, 45% for tax year 2010, and to 100% for tax year 2011 and thereafter.

It is estimated that these provisions will reduce state tax revenues from the individual income tax by the following amounts: (a) \$11,800,000 in 2008-09 (representing the total fiscal effect of the act in the 2007-09 biennium); (b) \$31,900,000 in 2009-10; (c) \$62,000,000 in 2010-11; and (d) \$149,000,000 in 2011-12 and annually thereafter.

[Act 20 Sections: 1955 thru 1958, and 1976s]

2. INCREASE IN DEDUCTION FOR COLLEGE TUITION

Provide an increase in the maximum college tuition deduction and specify that the deduction applies to the cost of mandatory student fees as well as tuition, effective for taxable years beginning after December 31, 2008.

Current law provides an individual income tax deduction for tuition expenses paid on behalf of a taxpayer or the taxpayer's dependent. Eligible expenses include tuition paid to any university, college, technical college, or a school approved by the Educational Approval Board that is located in Wisconsin. The deduction also applies to tuition expenses for a public vocational school or public institution of higher education in Minnesota under the Minnesota-Wisconsin tuition reciprocity agreement.

Currently, the maximum deduction that may be claimed per eligible student is equal to twice the average amount charged by the Board of Regents of the University of Wisconsin System at four-year institutions for resident undergraduate academic fees for the most recent fall semester. The maximum deduction was \$4,536 for 2006, and, under current law, is \$4,844 for 2007. For non- and part-year residents, the tuition deduction must be pro-rated based on the share of a taxpayer's total income that is taxable to Wisconsin, and may not exceed a taxpayer's total income taxable by the state. The maximum deduction is phased out in specified ranges of federal AGI that vary with filing status. The phase-out ranges are as follows: (a) \$50,000 to \$60,000 for single and head-of-household tax filers; (b) \$80,000 to \$100,000 for married couples filing joint returns; and (c) \$40,000 to \$50,000 for married couples filing separate returns.

Starting with tax year 2009, the act increases the maximum deduction per eligible student per year to the greater of the maximum that would be determined as under current law and \$6,000, and allows the deduction to apply with respect to mandatory student fees as well as tuition expenses.

In addition to the deduction for tuition expenses, current federal and state laws also provide certain tax advantages for Section 529 college savings plans [the term "Section 529" refers to the section of the Internal Revenue Code (IRC) authorizing such plans.] For state tax purposes, donors to Wisconsin Section 529 plans may deduct up to \$3,000 in contributions to an account if the beneficiary is the purchaser, the purchaser's spouse, or the purchaser's dependent child or if the contribution is made by a beneficiary's grandparent, great-grandparent, aunt, or uncle. In addition, earnings and qualified distributions from Section 529 accounts are exempt from taxation under both federal and state tax laws.

Currently, no amount may be claimed as a deduction for tuition expenses if the source of the payment is an amount withdrawn from a Wisconsin Section 529 account if the claimant has already claimed a deduction that relates to the amount paid for tuition expenses. The act modifies this provision to disallow the deduction if the source of the payment is an amount withdrawn from a Wisconsin Section 529 account and if the owner of the account (rather than the claimant) has claimed a deduction that relates to the amount paid for tuition expenses and fees. The change from "claimant" to "owner of the account" is intended to prevent a situation in which a double deduction could be claimed for amounts contributed to a Wisconsin Section 529 account and subsequently used to pay tuition. Under current law, the owner of a Wisconsin Section 529 account could make a tax-free contribution to a Wisconsin Section 529 account on behalf of a beneficiary, and the beneficiary, acting as the claimant for purposes of the tuition deduction, could claim a second tax deduction on the same amount when using a distribution from the account to pay for tuition. Under Act 20, such a beneficiary will not be able to claim a

tuition deduction on such an amount.

As the provision first applies with respect to tax year 2009, there will be no fiscal effect in the 2007-09 biennium. It is estimated that the provision will reduce state tax revenues, by approximately \$800,000 in 2009-10, and that there will be no difference from current law in subsequent years.

[Act 20 Sections: 1952 thru 1954 and 9341(12)]

3. INCOME TAX DEDUCTION FOR CERTAIN CHILD AND DEPENDENT CARE EXPENSES

Provide a deduction from the individual income tax for certain expenses related to child and dependent care that may be claimed under the federal credit for child or dependent care expenses. The deduction will be phased in over a four-year period, starting in tax year 2009.

Current federal law provides an individual income tax credit for child and dependent care expenses that are paid for the purpose of enabling a taxpayer to be gainfully employed. The maximum amount of expenses that can be claimed for the federal credit is \$3,000 if the claimant has one qualifying child or dependent and \$6,000 if the claimant has more than one qualifying child and/or dependent. The credit is calculated as a percentage of eligible expenses, with the percentage ranging from 35% to 20%, depending on the claimant's adjusted gross income.

Eligible claims for the federal credit must satisfy a number of tests, including a qualifying person test. Under the federal provisions, a qualifying person includes: (a) the claimant's qualifying child (which means that the child must have lived with the claimant for more than half the year, among other requirements) who is the claimant's dependent and who was under the age of 13 when the care was provided; (b) the claimant's spouse who was physically or mentally not able to care for himself or herself and lived with the claimant for more than half the year; and (c) a person who was physically or mentally not able to care for himself or herself, lived with the claimant for more than half the year, and, with certain exceptions, was the claimant's dependent.

The following federal tests must also be met to claim the child and dependent care credit: (a) with an exception related to being a student, the individual claiming the credit (and the individual's spouse, if married) must have earned income during the year; (b) the child and dependent care expenses must be being paid so that the individual claiming the credit (and the individual's spouse, if married) can work or look for work; (c) the payments for the child and dependent care must be made to someone who can not be claimed as a dependent of the individual claiming the credit or the individual's spouse; (d) with an exception described below, the claimant's filing status must be single, head-of-household, qualifying widow(er) with dependent child, or married filing jointly; and (e) the care provider must be identified on the claimant's tax return. In addition, if a claimant excludes or deducts dependent care benefits provided by a dependent care benefit plan, the total amount excluded or deducted under such a

plan must be less than the dollar limit for qualifying expenses under the credit.

Act 20 provides an individual income tax deduction for employment-related expenses claimed by a claimant for purposes of the federal child and dependent care credit as follows: (a) for tax year 2009, up to \$750 for one qualified individual and up to \$1,500 for more than one qualified individual; (b) for tax year 2010, up to \$1,500 for one qualified individual and up to \$3,000 for more than one qualified individual; (c) for tax year 2011, up to \$2,250 for one qualified individual and up to \$4,500 for more than one qualified individual; and (d) for tax years 2012 and thereafter, up to \$3,000 for one qualified individual and up to \$6,000 for more than one qualified individual. The deduction will have to be claimed for the same taxable year as the year to which the claim for the federal credit relates.

For nonresidents and part-year residents, the deduction will be pro-rated based on the share of a claimant's total income that is taxable to Wisconsin. As under federal provisions for the child and dependent care credit, with certain exceptions for married taxpayers who have not shared the same household for the last six months of the taxable year, the provisions will require married taxpayers to file a joint tax return to claim the deduction.

As the deduction first applies with respect to tax year 2009, there will be no fiscal effect in the 2007-09 biennium. It is estimated that the deduction will reduce individual income tax revenues in subsequent years as follows: (a) \$5,600,000 in 2009-10; (b) \$10,100,000 in 2010-11; (c) \$13,500,000 in 2011-12; and (d) \$15,900,000 in 2012-13 and thereafter.

[Act 20 Section: 1959]

4. INDIVIDUAL INCOME TAX EXCLUSION FOR RETIREMENT INCOME

GPR-REV - \$2,500,000

Provide an individual income tax exclusion for up to \$5,000 per person aged 65 or older for taxpayers with adjusted gross income of \$15,000 or less (\$30,000 or less for married-joint filers), effective with tax year 2009. Specify that the exclusion will apply with respect to distributions from qualified retirement plans under the federal Internal Revenue Code, including distributions from all qualified pension, profit-sharing, and stock bonus plans under the IRC, and from deferred compensation plans offered by state and local governments and tax-exempt organizations under the IRC. Provide that the exclusion will also apply to otherwise taxable distributions from individual retirement accounts (IRAs), self-employed plans, tax-sheltered annuities, and other qualified retirement plans. It is estimated that the provision will reduce individual income tax revenues by \$2,500,000 in 2008-09 and \$5,600,000 annually thereafter.

[Act 20 Sections: 1947g thru 1947j, 1951m, and 2139e]

5. INDIVIDUAL INCOME TAX RELATING TO NONRESIDENTS AND COVENANTS NOT TO COMPETE

Provide that amounts received by a nonresident of this state under a covenant not to compete are taxable by the state to the extent that the covenant was based on a Wisconsin-based activity.

State law generally imposes the state's individual income tax with respect to nonresidents upon income derived from property located or business transacted within the state and income derived from the performance of personal services within the state. Under prior law, income received by a nonresident as a result of a covenant not to compete was not considered to be subject to Wisconsin's income tax, even if such income was related to a Wisconsin-based activity. However, such income was subject to the state's individual income tax if received by a Wisconsin resident. The act modifies prior law to provide that income derived by a nonresident individual from a covenant not to compete is taxable by this state to the extent that the covenant is based on a Wisconsin-based activity. This provision applies retroactively to taxable years beginning on or after January 1, 2007. The fiscal effect is estimated to be a minimal increase in state individual income tax revenues.

[Act 20 Sections: 1946, 1947, and 9341(9)]

6. LIMIT CERTAIN DEDUCTIONS FOR NONRESIDENTS

Require non- and part-year residents to add back to federal adjusted gross income, for purposes of calculating Wisconsin AGI, certain items that are deductible under federal law and related to income that is not taxable by the state.

Current federal law provides two deductions that, as a result of state conformance with such deductions, may result in non- and part-year residents receiving unintended state tax deductions. The first of the federal deductions is the domestic production activities deduction, which is equal to a specified percentage of the lesser of the taxpayer's "qualified production activities income" and taxable income (or AGI, depending on the claimant). "Qualified production activities income" is generally equal to domestic production gross receipts reduced by the costs of goods sold and other allocable expenses. The deduction is 6% for tax years 2007 through 2009 and 9% for subsequent years. The second federal deduction is for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any action involving a claim of unlawful discrimination, a claim against the United States government, or certain claims under the Social Security Act, but only up to the amount included in gross income for such a claim.

As a result of the state's conformance with these federal provisions, a non- or part-year resident may currently apply a share of the deductions when arriving at Wisconsin AGI, even though the related income may not be taxable by the state. The act requires non- and part-year residents to add back to federal AGI, for purposes of calculating Wisconsin AGI, any amounts deducted under the two federal provisions associated with income not taxable by Wisconsin.

The provisions first apply to taxable years beginning on January 1, 2008. It is estimated that the provisions will result in a minimal increase in state individual income tax revenues.

[Act 20 Sections: 1949 thru 1951 and 9341(8)]

7. INCOME TAX WITHHOLDING FOR NONRESIDENT MEMBERS OF PASS-THROUGH ENTITIES

Modify the pass-through entity withholding requirements enacted under 2005 Act 25 to make certain clarifications and technical corrections and to provide an additional exemption from the requirements.

As provided under Act 25, pass-through entities [including partnerships, limited liability companies (LLCs), tax-option corporations (S Corporations), and estates or trusts treated as pass-through entities for federal income tax purposes] are generally required to withhold income or franchise tax on behalf of their nonresident shareholders, partners, members, or beneficiaries (referred to below as "nonresidents"). However, withholding is not required if the nonresident is exempt from income taxation or is a joint venture not treated as a partnership under federal law. Act 25 also provided an exemption from the withholding requirement for a nonresident who has no other source of Wisconsin income and whose share of income from the pass-through entity is less than \$1,000. Act 20 eliminates the requirement under this exemption that the nonresident have no other source of Wisconsin income, as the pass-through entity does not necessarily know whether the nonresident had another source of Wisconsin income. The act also provides a new exemption for a nonresident who presents an affidavit, in the form and manner prescribed by the Department of Revenue (DOR), whereby the nonresident agrees to be subject to the personal jurisdiction of the Department, the Tax Appeals Commission, and the courts of Wisconsin for the purpose of determining and collecting Wisconsin income and franchise taxes, estimated payments, and any related interest and penalties.

The act also makes a number of technical corrections to the pass-through withholding requirements and clarifies certain existing provisions related to interest and penalties.

It is estimated that these provisions, which apply retroactively to taxable years beginning on or after January 1, 2006, will have a minimal fiscal effect.

[Act 20 Sections: 2131 thru 2135, 2139, 9341(5), and 9441(2)]

8. INCOME TAX EXEMPTION FOR INTEREST ON CERTAIN WHEFA BONDS

Provide an exemption from the individual and corporate income taxes for interest paid on certain bonds issued by the Wisconsin Health and Educational Facilities Authority, starting with taxable years beginning January 1, 2009. This exemption will apply if the proceeds of the bonds or notes are to be used by a health facility to fund the acquisition of information technology hardware or software.

As a result of the effective date, there will be no fiscal effect in the 2007-09 biennium. The fiscal effect in subsequent years will depend on a number of factors, such as the number of bonds issued annually, the interest rates, and the tax rates of bond holders. Therefore, it is not possible to predict the fiscal effect with certainty. However, it is projected that the exemption will reduce individual income tax revenues by approximately \$100,000 in 2009-10, and that the effect will increase in subsequent years as the value of outstanding bonds increases.

[Act 20 Sections: 1947m, 2021m, 2087h, and 9341(6j)]

9. EARNED INCOME TAX CREDIT

GPR	\$107,974,400
PR	- 82,674,400
Total	\$25,300,000

Increase GPR funding for the earned income tax credit (EITC) by \$44,106,600 in 2007-08 and \$63,867,800 in 2008-09, for a total of \$107,974,400 for the 2007-09 biennium. In addition, reduce PR funding for the EITC by \$34,106,600 in 2007-08 and \$48,567,800 in 2008-09, for a biennial total reduction of \$82,674,000.

The EITC is funded with a combination of GPR and PR funding. The program revenue is federal temporary assistance for needy families (TANF) funding transferred from the Department of Workforce Development (DWD). The GPR portion is provided through a sum-sufficient appropriation and covers the balance of the cost of the credit. Under the act, total funding for the EITC is increased to \$92,100,000 in 2007-08 and \$97,400,000 in 2008-09, compared to base funding of \$82,100,000. However, the PR funding is reduced from a base level of \$55,232,000 to \$21,125,400 in 2007-08 and to \$6,664,200 in 2008-09, while the estimated GPR sum sufficient portion is increased to \$70,974,600 in 2007-08 and \$90,735,800 in 2008-09. The net effect is an increase in total funding for the EITC of \$10,000,000 in the first year and \$15,300,000 in the second year. The net increases reflect estimates of the total cost of funding the EITC in the 2007-09 biennium.

[Act 20 Sections: 1454 and 1455]

10. VETERANS AND SPOUSES PROPERTY TAX CREDIT

GPR	- \$4,766,000
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Reestimate the cost of the refundable veterans and spouses property tax credit at \$1,000,000 in each year of the 2007-09 biennium. These figures reflect the estimated cost of the credit in the 2007-09 biennium under current law. The revised estimates are \$2,283,000 less in each year than base funding of \$3,383,000.

In addition, expand the credit, effective with tax year 2009, as described below.

As provided under 2005 Act 25, and modified under 2005 Act 72, the state provides a refundable credit against the individual income tax for property taxes paid by certain veterans and unremarried surviving spouses of veterans. The tax credit is equal to real and personal property taxes paid on a principal dwelling by the following persons:

a. The unremarried surviving spouse of a person who died while on active duty in the U.S. armed forces and who was a resident of this state at the time of entry into service and at the time of death.

b. The unremarried surviving spouse of a person who: (1) served on active duty in the U.S. armed forces; (2) was a resident of this state at the time of entry into active service; (3) was a resident of this state at the time of death; (4) was at least 65 years of age at the time of death (or would have been 65 at the close of the year in which the death occurred); and (5) had a service-connected disability of 100%, based on related federal provisions.

c. The unremarried surviving spouse of a person who served in the National Guard or Reserves, who was a resident of this state at the time of entry and at the time of death, and who died in the line of duty while on active or inactive duty.

d. A person who served on active duty in the U.S. armed forces and: (1) was a resident of this state at the time of entry into that service; (2) is a resident of the state for purposes of receiving veterans benefits under Chapter 45 of the Wisconsin statutes; (3) is at least 65 years old; and (4) has a service-connected disability of 100% based on related federal provisions. For married-joint filers, an eligible veteran may claim the credit for the entire property tax imposed on the veteran's principal dwelling, rather than for the share of property taxes that reflects the veteran's ownership interest in the dwelling (which is 50% for property owned as marital property). For a married couple filing separate returns, an eligible veteran and an eligible spouse are each permitted to claim the veterans property tax credit based on their respective ownership interest in the veteran's principal dwelling.

The veterans property tax credit is not allowed if an individual or the individual's spouse files a claim for the property tax/rent credit, the farmland tax relief credit, the farmland preservation credit, or the homestead credit.

The veterans property tax credit is paid through a sum sufficient GPR appropriation. Based on aggregate statistics for 2005 tax returns through October 15, 2006, there were 301 Wisconsin taxpayers who claimed the credit for tax year 2005. The total credit claims amounted to \$866,000, for an average credit of \$2,878.

Act 20 makes a number of modifications to the credit, effective with tax year 2009. Under the act, the current requirement that, to be eligible for the credit, the veteran with respect to which the credit is claimed has to have been a resident of the state at the time of entry into service will be modified to also provide the credit in the case of a veteran who was a resident of this state for any consecutive five-year period after entry into active duty service. In addition, the age limit requirements under "b" and "d" above will be eliminated. As a result, the credit will be available to the unremarried surviving spouse of a deceased veteran who otherwise meets the current law requirements under "b" but was under age 65 at the time of death. Similarly, the credit will be newly available to a disabled veteran meeting all of the current requirements under "d" except the age requirement. Finally, the service disability thresholds under "b" and "d" will be modified to include veterans rated as being individually

unemployable and, therefore, receiving 100% disability benefits, even though they are not rated as 100% disabled under federal law.

For purposes of the credit, "individual unemployability" will mean a condition under which a veteran has (or had, in the case of the credit for an unremarried surviving spouse), a service-connected disability rating of either 60% under related federal provisions or two or more service-connected disability conditions, where one condition has at least a 40% disability rating and the combined disability rating for all conditions is at least 70%. In addition, the veteran will have to have had an administrative adjustment added to his or her service-connected disability, due to individual unemployability, such that the federal Department of Veterans Affairs had rated the veteran 100% disabled.

As a result of the effective date of the these provisions, there will be no fiscal effect of the expansion of the credit in the 2007-09 biennium. In subsequent years, it is estimated that the net effect will be to reduce the general fund by \$4,500,000 annually, starting in 2009-10. [The net effect reflects an increase of \$5,000,000 in the estimated cost of the sum sufficient GPR appropriation through which the credit is paid and an increase in individual income tax revenues of \$500,000 from anticipated reductions in claims for individual income tax credits that can not be claimed if the veterans credit is claimed.]

[Act 20 Sections: 1990s thru 1990sm and 9341(3c)]

11. MINNESOTA-WISCONSIN INCOME TAX RECIPROACITY

GPR	\$20,003,800
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Provide increases of \$7,259,500 in 2007-08 and \$12,744,300 in 2008-09 to reflect estimated expenditures under the Minnesota-Wisconsin individual income tax reciprocity agreement. Total funding is \$68,559,500 in 2007-08 and \$74,044,300 in 2008-09. The most recent payment to Minnesota was \$63,481,000, which was made in December, 2006, for tax year 2005.

12. ILLINOIS-WISCONSIN INCOME TAX RECIPROACITY

GPR	\$9,015,000
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Provide increases of \$3,208,700 in 2007-08 and \$5,806,300 in 2008-09 to reflect the anticipated payments to Illinois under the Illinois-Wisconsin individual income tax reciprocity agreement. Total funding is \$37,108,700 in 2007-08 and \$39,706,300 in 2008-09. The most recent payment to Illinois, which was made in December, 2006, for tax year 2005, was \$34,681,000.

13. INTEREST ON TAX OVERPAYMENTS

GPR	\$2,500,000
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Increase the sum-sufficient appropriation for interest on tax overpayments by \$2,250,000 in 2007-08 and by \$250,000 in 2008-09. Total funding is \$4,500,000 in 2007-08 and \$2,500,000 in 2008-09.

14. IMPACT OF LEVY LIMITS

GPR-REV \$3,700,000

Increase estimated revenues from the individual income tax by \$1,100,000 in 2008-09, to reflect an associated reduction in the projected cost of the school property tax/rent credit (PTRC). In addition, increase estimated revenues from the corporate income and franchise tax by \$2,600,000 in 2008-09 to reflect reduced deductions for property taxes claimed by businesses. These adjustments are based on the expected impact on property taxes of the local levy and fiscal controls included under Act 20.

15. INTERNAL REVENUE CODE UPDATE

GPR-REV -\$13,600,000

Update statutory references to the federal Internal Revenue Code under the state individual income and corporate income and franchise taxes to include changes to the IRC enacted in 2005 and through November, 2006, with certain exceptions. Under prior law, state tax references generally referred to the IRC in effect as of December 31, 2004. The act does not conform to provisions not previously adopted related to amortization and accelerated depreciation and expensing, with the exception of certain provisions related to capital investment expense deductions for persons actively engaged in farming.

The act also modifies prior law to base filing deadlines for extensions for corporate taxfilers on federal requirements and to conform to federal law regarding electronic reporting of withholding statements. The IRC update provisions generally apply for Wisconsin purposes at the same time as they apply for federal purposes.

These provisions are estimated to reduce state income and franchise tax revenues by \$9,800,000 in 2007-08 and \$3,800,000 in 2008-09. Most of the fiscal effect is due to provisions included in the federal Pension Protection Act. Provisions of the federal Tax Relief and Health Care Act of 2006 were not adopted for state tax purposes.

[It should be noted that a number of sections of the IRC update approved by the budget Conference Committee were inadvertently excluded from Act 20. The omitted sections pertain to income and franchise taxation of regulated investment companies, real estate investment trusts, and related entities. For internal consistency in the income and franchise tax statutes, the sections should be approved under separate legislation. However, the fiscal effect of not including the provisions in Act 20 is expected to be minimal. The Legislative Reference Bureau has prepared a Revisor's Bill that would restore the omitted provisions.]

[Act 20 Sections: 1936 thru 1945, 1998 thru 2018, 2032, 2067 thru 2086, 2087, 2127, 2128, 2130, 2136, and 9141(1)]

16. ENTERPRISE ZONES JOBS TAX CREDIT -- SUM SUFFICIENT ESTIMATE

GPR \$8,125,000

Provide \$1,625,000 in 2007-08 and \$6,500,000 in 2008-09 for the sum sufficient

appropriation for the individual income and corporate income and franchise taxes enterprise zones jobs tax credit to reflect refundable tax credit claims. The enterprise zone jobs tax credit could first be claimed for tax years beginning on or after July 1, 2007.

17. ENTERPRISE ZONES JOBS TAX CREDIT MODIFICATIONS

Modify a number of provisions related to the enterprise zones jobs tax credit under the individual income and corporate income and franchise taxes including changing the method of calculating the jobs tax credit, eliminating the supplemental payroll and property credit, and altering definitional and administrative provisions. Under the provisions included in Act 20, the enterprise zones jobs tax credit will be calculated as follows:

a. Determine the lesser of: (1) the number of full-time employees that are employed in an enterprise zone whose annual wages are greater than \$30,000 in the tax year minus the number of full-time employees that are employed in the enterprise zone in the base year whose annual wages are greater than \$30,000 in the base year; or (2) the number of full-time employees in the state whose annual wages are greater than \$30,000 in the tax year minus the number of full-time employees in the state whose annual wages are greater than \$30,000 in the base year.

b. Determine the claimant's average zone payroll by dividing total wages for full-time employees in the zone whose annual wages are greater than \$30,000 for the tax year by the number of those employees.

c. Subtract \$30,000 from the average wage determined under "b."

d. Multiply the amount determined under "c" (average wage in excess of \$30,000 a year) by the number determined under "a" (net number of new employees hired in the zone).

e. Multiply the amount determined under "d" by 7%.

The definition of "zone payroll" is modified to mean wages paid to full-time employees for services performed in the zone rather than compensation to individuals for such services. "Wages" is defined under federal unemployment tax provisions to mean all remuneration for employment, including the cash value of all remuneration (including benefits) paid in any medium other than cash, with specified exceptions, such as payments to certain trusts or annuity plans. The above changes are intended to ensure that credits are provided only to businesses that create new jobs paying more than \$30,000 and to treat claimants consistently.

The supplemental credit provided under prior law for claimants with all of their business-related property and payroll in the enterprise zone was deleted. Provisions governing the supplemental credit for training were modified to specify that the training be job-related.

Act 20 also requires the Department of Commerce to determine the maximum amount of tax credits that a certified business could claim and notify DOR of the amount. Commerce is also required to verify information submitted to it that is related to the enterprise zone jobs tax

credit. Claimants are required to include, with their tax returns, a copy of the certification for tax benefits and verification of expenses from Commerce .

These provisions first applied to tax years beginning on or after July 1, 2007, and will reduce GPR expenditures by an unknown amount.

The enterprise zones jobs tax credit was created by 2005 Wisconsin Act 361, and provides tax credits to eligible businesses operating in enterprise zones. The credit is refundable and is provided under the state individual income and corporate income and franchise taxes to businesses that are certified by the Department of Commerce. Under prior law, the enterprise zones jobs tax credit was computed as follows:

- a. Determine the lesser of: (1) the claimant's zone payroll in the tax year, minus the claimant's zone payroll in the base year; or (2) the claimant's state payroll in the tax year, minus the claimant's state payroll in the base year.
- b. Subtract the number of full-time employees that the claimant employed in the area that comprises the enterprise zone in the base year from the number of full-time employees that the claimant employed in the zone in the tax year.
- c. Multiply the amount determined under "b", if greater than zero, by \$30,000.
- d. Subtract the amount determined under "c" from the amount determined under "a."
- e. Multiply the amount determined under "d" by 7%.

Under these provisions, an eligible business could claim a credit equal to 7% of its zone payroll in excess of \$30,000 per employee. No credit would be provided if the average wage is below \$30,000.

"Base year" means the taxable year beginning during the calendar year prior to the calendar year in which the enterprise zone in which the claimant is located takes effect. "Claimant" means a person who is certified by Commerce to claim enterprise zone tax benefits and who files a claim for the new jobs credit. "Full-time employee" means an individual who is employed in a regular, nonseasonal job and who, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays. "State payroll" means the amount of payroll apportioned to this state under the income and franchise tax apportionment rules for multi-state businesses. "Zone payroll" meant the amount of state payroll that is attributable to compensation paid to individuals for services that are performed in an enterprise zone or who are working from an office located in a zone if the work is incidental to any work that the individual performs within the zone. "Zone payroll" does not include the amount of compensation paid to any individual that exceeds \$100,000.

Supplemental tax credits were available based on the claimant's payroll and property in the zone.

Payroll and Property Component. If all of the claimant's payroll was zone payroll and all

of the claimant's business-related property was located in an enterprise zone, the claimant could receive a credit based on the claimant's payroll and the value of the claimant's property in the zone. The credit was 20% of the sum of the claimant's zone payroll in the tax year and the adjusted basis of the claimant's property at the time the property was first placed in service in the zone multiplied by: (a) 6.5% for businesses that file under the individual income tax; or (b) 7.9% for businesses that file under the corporate income and franchise tax.

A supplemental credit can be claimed based on qualified training expenses. As noted, prior law provisions did not specify that the training be job-related.

Training Component. Under prior law, the claimant could claim a credit equal to the amount paid in the tax year to upgrade or improve the skills of any of the claimant's full-time employees, to train any of the claimant's full-time employees on the use of new technologies, or to train any full-time employee whose employment with the claimant represents the employee's first full-time job (all with no reference to job-related skills or training).

As noted, the credit is refundable. Therefore, if the amount of credit exceeds the claimant's income or franchise tax liability, the state issues a check to the claimant for the difference. Enterprise zone jobs credits can first be claimed for tax years beginning on or after July 1, 2007.

No credit is allowed unless the claimant includes with the tax return a copy of the claimant's certification for tax benefits. Businesses may not claim enterprise zone tax credits to the extent the basis for the credit is the basis for another tax credit claimed by the business.

Commerce is authorized to designate an area as an enterprise zone based on indicators of the area's economic need, such as household income and job losses, and the effect of the designation on other economic development activities. Commerce may certify for tax benefits any of the following:

- a. A business that begins operations in an enterprise zone.
- b. A business that relocates to an enterprise zone from outside the state if the business offers compensation and benefits to its employees working in the zone for the same type of work that are at least as favorable as those offered outside the zone.
- c. A business that expands its operations in an enterprise zone and increases its personnel by at least 10% and enters into an agreement with Commerce to claim tax benefits only for years during which the business maintains the increased level of personnel. The business must offer compensation and benefits for the same type of work to its employees working in the enterprise zone that are at least as favorable as those offered to its employees working in Wisconsin but outside the zone.
- d. A business that expands its operations in an enterprise zone and that makes a capital investment in property located in the enterprise zone if the following apply: (1) the value of capital investment is equal to at least 10% of the business' gross revenues in the state; (2) the business enters into an agreement with Commerce to claim tax benefits only for years

during which the business maintains the capital investment; and (3) the business offers compensation and benefits for the same type of work to its employees in the zone that are at least as favorable as those offered to employees working in Wisconsin but outside the zone (determined by Commerce).

Commerce must notify DOR when it certifies a business to receive tax benefits and can revoke a firm's certification under certain circumstances.

[Act 20 Sections: 1967 thru 1976, 2040 thru 2049, 2096 thru 2105, 3637, 3638, and 9341(6)]

18. ANGEL INVESTMENT AND EARLY STAGE SEED INVESTMENT TAX CREDITS -- EXPANSION AND TECHNICAL MODIFICATIONS

GPR-REV	- \$7,800,000
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Make the following modifications to the angel investment tax credit under the individual income tax and the early stage seed investment tax credit under the individual income and corporate income and franchise taxes:

a. Increase the total amount of angel investment tax credits that can be claimed for all tax years by \$17,500,000, from \$30,000,000 to \$47,500,000. For tax years beginning after December 31, 2007, the aggregate amount of tax credits that can be claimed each year is increased by \$2,500,000, from \$3,000,000 to \$5,500,000. The maximum amount of investment that can be used as the basis for a tax credit is increased from \$500,000 to \$2,000,000.

b. Increase the total amount of early stage seed investment tax credits that can be claimed for all tax years by \$17,500,000, from \$35,000,000 to \$52,500,000. For tax years beginning after December 31 2007, the aggregate amount of tax credits that can be claimed each year is increased by \$2,500,000, from \$3,500,000 to \$6,000,000.

c. Authorize the Department of Revenue, in consultation with the Department of Commerce, to carry forward unclaimed tax credit amounts for a given year to subsequent years for allocation.

d. Require that, in order to claim a tax credit, an investment must be kept in a certified business, or with a certified fund manager, for at least three years.

e. Eliminate statutory provisions that require the angel investment and early stage seed investment tax credits to be added to income. Instead, the Wisconsin adjusted basis of any investment for which a tax credit is claimed has to be reduced by the amount of the credit that is offset against Wisconsin income taxes. The Wisconsin basis of a partner's interest in a partnership, a member's interest in an LLC, or stock in a tax-option corporation, is adjusted to reflect the basis adjustment. This modification first applies to tax years beginning on January 1, 2007, including addback provisions.

f. Modify the angel investment tax credit to allow qualified investments in businesses

engaged in the construction of power plants that derive energy from renewable resources to be eligible for the tax credit if the business meets all other eligibility requirements.

It is estimated that these provisions will reduce individual income tax revenues and corporate income and franchise tax revenues each by \$1,400,000 in 2007-08 and by \$2,500,000 in 2008-09. Consequently, the total estimated reduction in state income and franchise tax revenues will be \$2,800,000 in 2007-08 and \$5,000,000 in 2008-09.

In April, 2004, the early stage business investment program was created under the provisions of 2003 Wisconsin Act 255. Act 255 also created the technology commercialization grant and loan program. The early stage business investment program established the angel investment tax credit and early stage seed investment tax credit intended to increase investment in start-up and early stage businesses by venture capitalists and angel investors. The angel investment tax credit provides a tax credit for an angel investment in a qualified new business venture, while the early stage seed tax credit provides a tax credit for an investment by a fund manager in a qualified new business venture (certified business). The Department of Commerce has administrative responsibilities related to eligibility, certification of qualified businesses and fund managers, and reporting requirements for DOR and investors. Specifically, Commerce is required to certify businesses and fund managers as eligible for investments for which tax credits may be claimed.

The angel investment tax credit can be claimed under the individual income tax and is equal to 12.5% of the claimant's bonafide angel investment made directly in a qualified new business venture in a tax year. The 12.5% tax credit can be claimed for two years, beginning with the tax year as certified by Commerce. Consequently, the total tax credit is 25% of the amount invested. Unused credit amounts can be carried forward up to 15 years to offset future tax liabilities. The maximum amount of a claimant's total investment that may be used as a basis for an angel investment tax credit is \$500,000 for each investment made directly into a certified business. The maximum total amount of investment in a qualified new business venture that qualifies for tax credits is \$4,000,000, of which no more than \$1,000,000 can come from angel investors.

The early stage seed investment credit can be claimed under the individual income and corporate income and franchise taxes and is equal to 25% of the claimant's investment paid in the tax year to a fund manager that the fund manager invests in a business certified by Commerce (qualified new business venture). Unused credit amounts can be carried forward up to 15 years to offset future tax liabilities. The maximum total amount of investment in a certified business that qualifies for tax credits is \$4,000,000, of which no more than \$1,000,000 can come from angel investors. Up to \$2,000,000 in aggregate investment by a certified fund manager in a certified business qualifies for tax credits.

[Act 20 Sections: 1948, 1977 thru 1982, 1997, 2050 thru 2052, 2088, 2106 thru 2108, 2154, 3577k, 3578, and 9341(7)]

19. ELECTRONIC MEDICAL RECORDS TAX CREDIT

Create an electronic medical records tax credit under the individual income and corporate income and franchise taxes. The tax credit equals 50% of the amount paid by a health care provider in a tax year for information technology hardware or software that is used to maintain medical records in an electronic form. Tax credits not entirely used to offset income and franchise taxes can be carried forward up to 15 years to offset future tax liabilities. The maximum total amount of electronic medical records tax credits that can be claimed in a tax year is \$10,000,000, and is allocated to claimants by the Department of Commerce.

Commerce is required to implement a program to certify health care providers as eligible to claim the electronic medical records tax credit. After certifying health care providers as eligible, Commerce is required to allocate tax credits to individual claimants, subject to the annual total credit limit of \$10,000,000. Commerce must inform DOR of every health care provider that is certified and of the amount of tax credits allocated to each provider. Commerce is required, in consultation with DOR, to promulgate rules to administer the certification and tax credit allocation process.

Partnerships, LLCs, and tax-option corporations cannot claim the tax credit, but eligibility for and the amount of the credit is based on the entity's payment of allowable information technology costs. A partnership, LLC, or tax-option corporation is required to compute the amount of the tax credit each of its partners, members, or shareholders can claim and provide that information to them. Partners, members of LLCs, and shareholders of tax-option corporations can claim the credit in proportion to their ownership interest.

"Health care provider" is defined under current law provisions and means a licensed nurse, chiropractor, dentist, physician, podiatrist, perfusionist, physical therapist, occupational therapist, occupational therapy assistant, physician assistant, respiratory care practitioner, dietician, athletic trainer, optometrist, pharmacist, acupuncturist, psychologist, social worker, marriage and family therapist, professional counselor, speech-language pathologist, audiologist, speech and language pathologist, massage therapist, bodyworker, a partnership of providers, a corporation or LLC of providers that offer health care services, an operational cooperative sickness care plan that directly provides services through salaried employees at its own facility, a hospice, a rural medical center, an inpatient health care facility, and a community-based residential facility.

DOR administers tax credit claims and can take any action, conduct any proceeding, and act as authorized under income and franchise tax provisions relating to change of business, timely claims, assessments, refunds, appeals, collection, interest, and penalties.

The electronic medical records tax credit can first be claimed for tax years beginning after December 31, 2009.

The electronic medical records tax credit will reduce income and franchise tax revenues by an estimated \$4,500,000 in 2009-10 and \$10,000,000 annually thereafter.

Costs related to the operation of a business are deductible as business expenses if the expenses are ordinary and necessary and connected to the trade and business of the taxpayer. Business expenses are deductible in computing the taxable income of all taxpayers including sole proprietors, corporations, LLCs, partnerships, estates and trusts, and employees. Generally, the costs of computer software are amortized over three years while the costs of computer hardware are depreciated over five years.

[Act 20 Sections: 1948, 1989, 1991, 1994, 1997, 2022, 2059, 2063, 2066, 2115, 2119, 2483, and 3577]

20. FILM PRODUCTION SERVICES TAX CREDIT -- SUM SUFFICIENT ESTIMATE

GPR	\$1,000,000
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Provide \$250,000 in 2007-08 and \$750,000 in 2008-09 for the sum sufficient appropriation for the film production services individual income and corporate income and franchise tax credit to reflect estimates of refundable tax credit claims. The film production services tax credit can first be claimed for tax years beginning after December 31, 2007.

21. FILM PRODUCTION SERVICES AND PRODUCTION COMPANY INVESTMENT TAX CREDITS TECHNICAL MODIFICATIONS

Make the following modifications to statutory provisions governing the film production services and film production company investment tax credits under the individual income and corporate income and franchise taxes:

a. Specify that, for corporations and insurance companies, in the order of claiming tax credits, that the nonrefundable components of the film production services tax credit be included with other nonrefundable tax credits, and the refundable component be included with other refundable tax credits. This conforms treatment of the nonrefundable and refundable components of the film production services tax credit with the treatment of other nonrefundable and refundable tax credits, and to the treatment of the film production services tax credit under the individual income tax.

b. Specify that, for the purposes of claiming the film production company investment tax credit, previously-owned property includes real property for which the claimant may not deduct a loss from the sale of property to, or an exchange of property with, a related person as defined under the Internal Revenue Code, except that the claimant's ownership of any part of the property would apply rather than the federal 50% ownership requirement. This is intended to preclude reorganizing in order to claim the tax credit.

c. Provide that the film production company investment tax credit be based on eligible expenses incurred and (rather than or) for projects placed in service after the effective date of the tax credit (tax years beginning after December 31, 2007). This clarifies that the credit must be for eligible expenditures made after the effective date of the tax credit.

These provisions are estimated to have a minimal fiscal effect.

Provisions of 2005 Wisconsin Act 483 created both a film production services tax credit and a film production investment tax credit under the state individual and corporate income and franchise taxes, for tax years beginning after December 31, 2007.

Film Production Services Tax Credit. An eligible taxpayer can claim as a credit against the individual and corporate income and franchise taxes any of the following:

a. An amount equal to 25% of the salary or wages paid by the claimant to the claimant's employees, up to a maximum credit of \$25,000 per employee, for services rendered in the state to produce an accredited production and paid to employees who were residents of the state at the time they were paid. The salary or wages have to be paid for services rendered after December 31, 2007, and directly incurred to produce the accredited production. The tax credit cannot be claimed for the salaries or wages of the two highest paid employees. Unused tax credit amounts can be carried forward up to 15 years to offset future tax liabilities.

b. An amount equal to 25% of production expenses paid by the claimant to produce an accredited production. If the amount of tax credit exceeds the taxpayer's income or franchise tax liability, the amount of credit not used to offset the tax due is certified by the Department of Revenue and refunded to the claimant by check, share draft, or other draft.

c. An amount equal to the sales and use taxes paid by the claimant on the purchase of tangible personal property and taxable services that are used directly in producing an accredited production in the state, including all stages of production, from the final script stage to the distribution of the finished production. Unused tax credit amounts can be carried forward up to 15 years to offset future tax liabilities.

Film Production Company Investment Tax Credit. An eligible claimant can claim as a credit against individual and corporate income and franchise taxes, for the first three tax years that the claimant does business in the state as a film production company, an amount that equals 15% of the following that the claimant paid in the tax year to establish a film production company in Wisconsin:

a. The purchase price of depreciable, tangible personal property. The claimant must purchase the tangible personal property after December 31, 2007, and at least 50% of the property's use must be in the claimant's business as a film production company. Unused tax credit amounts can be carried forward up to 15 years to offset future tax liabilities.

b. The amount expended to acquire, construct, rehabilitate, remodel, or repair real property. A claimant can claim the credit if the claimant began the physical work of construction, rehabilitation, remodeling, or repair, or any demolition or destruction in preparation for the physical work, after December 31, 2007, and the completed project is placed in service after December 31, 2007. A claimant can also claim the credit for an amount expended to acquire real property, if the property is not previously owned property, and if the claimant acquires the property after December 31, 2007, and the completed project is placed in service

after December 31, 2007. Unused tax credit amounts can be carried forward up to 15 years to offset future tax liabilities.

[Act 20 Sections: 1986 thru 1988, 2056 thru 2058, 2064, 2112 thru 2114, 2120, and 2121]

22. ETHANOL AND BIODIESEL FUEL PUMP TAX CREDIT

GPR-REV	-\$725,000
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Create an ethanol and biodiesel fuel pump tax credit under the state individual income and corporate income and franchise taxes equal to 25% of the amount paid in a tax year to install or retrofit pumps located in Wisconsin that dispense motor fuel consisting of at least 85% ethanol or at least 20% biodiesel fuel. The tax credit can be claimed for tax years beginning after December 31, 2007, and before January 1, 2018. The maximum tax credit for a tax year cannot exceed \$5,000 for each service station that claims a credit for an installed or retrofitted pump. Unused credit amounts may be carried forward up to 15 years to offset future tax liabilities. The credit is claimed after the minimum tax in the order of computation.

Partnerships, LLCs, and tax-option corporations cannot claim the credit, but eligibility for, and the amount of the tax credit is based on eligible expenditures for installation and retrofitting. A partnership, LLC, or tax-option corporation is required to compute the amount of credit each of its partners, members, or shareholders can claim and to provide that information to them. Partners, members, and shareholders claim the credit in proportion to their ownership interests.

"Motor vehicle fuel" means gasoline or diesel fuel. "Biodiesel fuel" is defined under current law provisions as a fuel that is comprised of monoalkyl esters of long chain fatty acids derived from vegetable oils or animal fats.

DOR will administer the ethanol and biodiesel fuel pump tax credit and is authorized to take any action, conduct any proceeding, and act as authorized under income and franchise tax provisions relating to timely claims, assessments, refunds, appeals, collection, interest, and penalties.

The ethanol and biodiesel fuel pump tax credit will reduce state income and franchise tax revenues by an estimated \$225,000 in 2007-08 and \$500,000 in 2008-09.

[Act 20 Sections: 1948, 1990, 1993, 1997, 2022, 2060, 2062, 2066, 2088, 2116, 2118, and 2483]

23. DAIRY MANUFACTURING FACILITY INVESTMENT TAX CREDIT

GPR	\$1,300,000
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Create a refundable dairy manufacturing facility investment tax credit under the state individual income and corporate income and franchise taxes equal to 10% of the amount paid in a tax year by a claimant for dairy manufacturing modernization or expansion related to the claimant's dairy manufacturing operation. The tax credit can be claimed for tax years beginning

after December 31, 2006, and before January 1, 2015. The maximum aggregate amount of tax credits that a claimant can claim is \$200,000, and a credit cannot be claimed for expenses that were deducted as trade or business expenses. Unused tax credit amounts can be carried forward up to 15 years to offset future tax liabilities.

The total amount of tax credits that can be claimed is limited to \$600,000 for fiscal year 2007-08 and to \$700,000 for subsequent fiscal years. The Department of Commerce is responsible for allocating tax credits among claimants.

"Dairy manufacturing modernization or expansion" is defined as constructing, improving, or acquiring buildings or facilities, or acquiring equipment, for dairy manufacturing, including the following, if used exclusively for dairy manufacturing, and if acquired and placed in service in Wisconsin during tax years that begin after December 31, 2006, and before January 1, 2015:

- a. Building construction, including storage and warehouse facilities.
- b. Building additions.
- c. Upgrades to utilities, including water, electric, heat, and waste facilities.
- d. Milk intake and storage equipment.
- e. Processing and manufacturing equipment, including pipes, motors, pumps, valves, pasteurizers, homogenizers, vats, evaporators, dryers, concentrators, and churns.
- f. Packaging and handling equipment, including sealing, bagging, boxing, labeling, conveying, and product movement equipment.
- g. Warehouse equipment, including storage racks.
- h. Waste treatment and waste management equipment, including tanks, blowers, separators, dryers, digesters, and equipment that uses waste to produce energy, fuel, or industrial products.
- i. Computer software and hardware used for managing the claimant's dairy manufacturing operation, including software and hardware related to logistics, inventory management, and production plant controls.

"Dairy manufacturing" means processing milk into dairy products or processing dairy products for sale commercially. "Used exclusively" means used to the exclusion of all other uses, except for use not exceeding 5% of total use.

Partnerships, LLCs, and tax-option corporations cannot claim the tax credit, but eligibility for, and the amount of, the credit is based on the entity's payment of eligible expenses, subject to the \$200,000 limit on the maximum aggregate amount of tax credits that a single entity can claim. A partnership, LLC, or tax-option corporation is required to compute the amount of the credit that each of its partners, members, or shareholders can claim and provide that

information to them. Partners, members of LLCs, and shareholders of tax-option corporations can claim the credit in proportion to their ownership interest.

If two or more persons own or operate a dairy manufacturing operation, each person can claim the dairy manufacturing facility investment tax credit in proportion to his or her ownership interest, subject to the aggregate total credit limit of \$200,000.

DOR administers the dairy manufacturing facility investment tax credit, and is authorized to take any action, conduct any proceeding, and act as authorized under income and franchise tax provisions relating to timely claims, assessments, refunds, appeals, collection, interest, and penalties.

Under current law, similar 10% tax credits may be claimed for expenses related to modernization and expansion of dairy farms and livestock farms. The dairy farm credit is available for tax years that begin after December 31, 2003, and before January 1, 2010, and the livestock farm credit is available for tax years that begin after December 31, 2005, and before January 1, 2012. The aggregate amount of dairy and livestock farm credits that may be claimed by a taxpayer is \$50,000.

[Act 20 Sections: 568h, 1948, 1966, 1994h, 1997, 2022, 2039, 2065, 2066, 2088, 2095, 2121, 2483, and 3578h]

24. BELOIT DEVELOPMENT OPPORTUNITY ZONE EXTENSION

GPR-REV - \$100,000

Increase the term of designation of the Beloit development opportunity zone from seven to nine years. As a result, the Beloit zone will expire on September 1, 2010, instead of September 1, 2008. In addition, the total amount of tax credits that can be claimed by businesses in the zone has been increased by \$2,000,000, from \$4,700,000 to \$6,700,000. The designation extension and increased credit authority are estimated to decrease corporate income and franchise tax revenues by \$100,000 in 2008-09.

Development opportunity zones are designated areas in certain municipalities that are the location of a business project. Currently, development opportunity zones are designated in the Cities of Milwaukee and Beloit. The Beloit zone was designated on September 1, 2001, and, under prior law, would have existed for seven years, or until September 1, 2008. The Beloit zone provides financial assistance to the city's Gateway project. A total of \$4,700,000 in tax credits can be claimed by businesses in the zone. Businesses in the Beloit zone can claim the consolidated development zones environmental remediation and jobs tax credit, and the development zones capital investment and investment tax credits.

The development zones environmental remediation tax credit is equal to 50% of the amount expended for qualified environmental remediation in the zone. The jobs tax credit is up to \$8,000 for members of targeted groups hired in the zone or jobs retained where a significant investment is made. A credit of up to \$6,000 is provided for nontarget group members hired. The capital investment tax credit equals 3% of: (a) the price of depreciable, tangible personal

property; and (b) the amount expended to acquire, construct, rehabilitate, remodel, or repair real property in the zone. The investment tax credit equals 2.5% of the price of depreciable tangible personal property not expensed under Section 179 of the Internal Revenue Code, or 1.75% of the price of property that is expensed.

[Act 20 Sections: 3635 and 3636]

25. CORPORATE INCOME AND FRANCHISE TAX -- EXEMPTION FOR VETERANS SERVICE ORGANIZATIONS

Provide an exemption from the corporate income and franchise tax for the income of veterans service organizations that are chartered under federal law. 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). The exemption first applies to tax years beginning on or after January 1, 2008. The exemption will reduce corporate income and franchise tax revenues by a minimal amount.

[Act 20 Sections: 2019 and 9341(2)]

26. COMMUNITY REHABILITATION PROGRAM TAX CREDIT

Create, under the state individual income and corporate income and franchise taxes, for tax years beginning on or after July 1, 2009 a community rehabilitation program tax credit that equals 5% of the amount the claimant pays in a tax year to a community rehabilitation program to perform work for the claimant's business, pursuant to a contract. The maximum tax credit that can be claimed is \$25,000 for each community rehabilitation program that the claimant enters into a contract with, and unused credit amounts can be carried forward up to 15 years to offset future tax liabilities. In order to claim a credit, the claimant is required to submit with the claimant's return, a form prescribed by the Department of Revenue, that verifies that the claimant has entered into a contract with a community rehabilitation program, and that the program has received payment from the claimant for work provided by the program.

"Community rehabilitation program" is defined as a nonprofit entity, county, municipality, or federal agency that directly provides, or facilitates the provision of, vocational rehabilitation services to individuals who have disabilities to maximize the employment opportunities, including career advancement, of such individuals. "Vocational rehabilitation services" is defined to include education, training, employment, counseling, therapy, placement, and case management. "Work" is defined to include production, packaging, assembly, food service, custodial service, clerical service, and other commercial activities that improve employment opportunities for individuals who have disabilities.

Partnerships, LLCs, and tax-option corporations cannot claim the tax credit but eligibility for, and the amount of, the tax credit is based on payments for community rehabilitation

programs. Partnerships, LLCs, or tax-option corporations must compute the amount credit that each of its partners, members, or shareholders may claim and provide that information to them. Partners, members of LLCs, and shareholders of tax-option corporations may claim the credit in proportion of their ownership interest. The Department of Revenue administers the tax credit under individual income and corporate income and franchise tax provisions, and provisions related to change of business or ownership, administration, and timely claims apply to the credit.

The community rehabilitation program tax credit will reduce individual and corporate income and franchise taxes by an estimated \$3,300,000 in 2009-10 and annually thereafter.

[Act 20 Sections: 1948, 1990m, 1992m, 1997, 2022, 2060m, 2060n, 2066, 2088, 2116m, 2116n, and 2483]

27. BIODIESEL FUEL PRODUCTION TAX CREDIT

Create a tax credit, for tax years beginning on or after January 1, 2009, and before January 1, 2013, under the state individual income and corporate income and franchise taxes, equal to 10 cents per gallon for biodiesel fuel produced for biodiesel fuel producers located in Wisconsin that produce at least 2.5 million gallons of biodiesel fuel per year. The maximum credit that can be claimed is \$1,000,000. This provision will reduce state income and franchise tax revenues by an estimated \$800,000 in 2009-10 and \$1,800,000 annually thereafter.

[Act 20 Sections: 1948, 1965h, 1991h, 1997, 2022, 2038h, 2060s, 2066, 2088, 2094h, 2116s, and 2483]

General Sales and Use Tax

1. SALES TAX EXEMPTION FOR CATALOGS

GPR-REV	-\$600,000
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Create a sales tax exemption for catalogs and the envelopes in which catalogs are mailed. Specify that the exemption takes effect on April 1, 2009.

Current law imposes the state's 5.0% general sales tax on the gross receipts from the sale and rental of tangible personal property, unless specifically exempted. In addition, the tax is imposed on services specifically listed in the statutes. Under current law, there are two provisions related to the sales tax as it applies to catalog sales. Under the first, the statutes specifically impose the tax on gross receipts from the service of producing, fabricating, processing, printing, or imprinting of tangible personal property for consumers who furnish the materials. However, an exception is provided if the tangible personal property will

subsequently to transported and used solely outside this state by the consumer for advertising purposes.

Under the second provision currently applicable to the sales tax on catalog sales, a sales tax exemption is provided for the gross receipts from the storage of printed material designed to advertise and promote the sale of merchandise or to advertise the services of individual business firms, if such printed material is purchased and stored for the purpose of subsequently transporting the material outside the state by the purchaser for use solely outside the state.

The act creates a new exemption (effective April 1, 2009) for the sale of and the storage, use, or other consumption of catalogs, and the envelopes in which the catalogs are mailed, that are designed to advertise and promote the sale of merchandise or to advertise the services of individual business firms. A "catalog" is defined as a printed and bound, stitched, sewed, or stapled book containing a list and description of property or services for sale, regardless of whether a price is specified.

In addition, the act modifies the exception under the current provision imposing the sales tax on services associated with the fabricating, printing, and imprinting tangible personal property to specify that the tax on the sales price of such services will not apply to the printing or imprinting of tangible personal property that results in printed material, catalogs, or envelopes that are exempt from the sales tax (as provided under the act).

It is estimated that the new provisions will reduce sales and use tax collections by \$600,000 in 2008-09 and \$2,400,000 annually thereafter.

[Act 20 Sections: 2178, 2297m, 2383d, 2385, and 9441(11)]

2. SALES TAX EXEMPTION FOR A HOME EXCHANGE SERVICE OPERATED BY THE DEPARTMENT OF VETERANS AFFAIRS

Provide a sales and use tax exemption for tangible personal property and taxable services that are sold by a home exchange service that receives funding from the Department of Veterans Affairs (DVA) and that is operated by DVA.

DVA currently operates two veterans homes, each of which offers a home exchange service where snacks, beverages, gifts, and other items are available for members, staff, and visitors to purchase. Under prior law, the state sales tax applied to taxable items sold through a home exchange service. The act provides a sales tax exemption for such sales, effective December 1, 2007. It is estimated that the provision will reduce state sales tax revenues by a minimal amount.

[Act 20 Sections: 2418m and 9441(1)]

3. SALES TAX EXEMPTION FOR DIGITAL PURCHASES RELATED TO MOTION PICTURES AND RADIO AND TELEVISION PROGRAMS

Modify a current sales tax exemption for motion picture film or tape and related advertising materials sold, leased, or rented to movie theaters or radio or television stations to specify that the exemption also applies to motion pictures or radio or television programs for listening, viewing, or broadcast. This provision, which took effect on the effective date of the budget act, clarified prior law and is not expected to have a fiscal effect.

[Act 20 Section: 2381]

4. SALES TAX EXEMPTIONS RELATED TO WIND, SOLAR, AND GAS FROM ANAEROBIC DIGESTION OF AGRICULTURAL WASTE

Create a sales and use tax exemption for a product, other than an uninterruptible power source for computers, whose power source is wind energy, direct radiant energy received from the sun, or gas generated from anaerobic digestion of animal manure and other agricultural waste, if the product produces at least 200 watts of alternating current or 600 British thermal units per day. In addition, create a sales and use tax exemption from the sale of, and the use or other consumption of, electricity or energy that is produced from such a product. Provide that the exemptions take effect July 1, 2009.

Due to the effective date of the provision, there will be no fiscal effect in the 2007-09 biennium. However, it is estimated that sales and use tax revenues will be reduced by \$1,300,000 in 2009-10 and annually thereafter. It should be noted, however, that if the proportion of electricity or energy sales from such products increases in future years, the reduction in sales and use tax revenues as a result of the provision would also increase, compared to current law.

[Act 20 Sections: 2419c and 9441(2i)]

5. SALES AND USE TAX EXEMPTION FOR NONPROFIT CEMETERIES

Create a sales and use tax exemption for otherwise taxable tangible personal property or services used exclusively by a cemetery company or corporation (as described under federal provisions for organizations that are exempt from federal tax) for the purposes of the company or corporation. Provide that the exemption takes effect July 1, 2009.

Currently, all tangible personal property and taxable services sold to nonprofit organizations operated exclusively for religious, charitable, scientific, or educational purposes, or for the prevention of cruelty to children or animals, are exempt from tax if the organization obtains and gives a certificate of exempt status number to the seller. There are no exemptions specific to cemetery companies and corporations, nor are such entities eligible for the exemption

for nonprofit organizations (unless they are owned by an eligible religious or other nonprofit organization with an exemption certificate).

Federal law provides an exemption from federal income taxes for certain nonprofit cemetery companies and corporations chartered solely for the purpose of the disposal of human bodies by burial or cremation for which no part of the net earnings inures to the benefit of any private shareholder or individual. The act provides a state sales and use tax exemption for sales to such companies and corporations, effective July 1, 2009.

Due to the effective date of the provision, there will be no fiscal effect in the 2007-09 biennium. However, based on consultation with the Wisconsin Cemetery and Cremation Association, it is estimated that the provision will reduce state sales and use tax revenues by approximately \$150,000 in 2009-10 and annually thereafter.

[Act 20 Sections: 2357d and 9441(3q)]

6. SALES AND USE TAX ON CERTAIN INTERCOMPANY TRANSFERS OF ASSETS

In response to a March 8, 2007, decision of the Wisconsin Supreme Court in *Wisconsin Department of Revenue v. River City Refuse Removal, Inc.* that concluded that certain intercompany transfers of assets between subsidiaries of the same parent company in which no money exchanged hands did not qualify as retail sales (and were, therefore, not subject to Wisconsin use tax), modify the sales and use tax to provide that the tax would apply in the case of such transfers.

Modify the definition of "gross receipts" to specify that gross receipts includes credits for which a person's books and records show that a transaction created, with regard to the transferee, an obligation to pay a certain amount of money or an increase in accounts payable or, with regard to the transferor, a right to receive a certain amount of money or an increase in accounts receivable. In addition, modify the definition of "sale" and related terms to specify that such terms include a transaction for which a person's books and records show that a transaction created, with regard to the transferee, an obligation to pay a certain amount of money or an increase in accounts payable or, with regard to the transferor, a right to receive a certain amount of money or an increase in accounts receivable.

In addition, provide that "consideration," as used in the definition of "purchase," includes transactions where a person's books and records showed the transaction created either an obligation to pay a certain amount or an increase in accounts payable (for the transferee), or a right to receive a certain amount of money or an increase in accounts receivable (for the transferor). Specify that "credits," as used in the definition of "gross receipts," also includes such transactions, as do the terms "sale," "sale, lease or rental," "retail sale," and "sale at retail."

Specify that a person who makes otherwise taxable sales of property or services is a retailer regardless of the following: (a) whether the transaction is mercantile in nature (as is also the case under current law); (b) whether the seller sells smaller quantities of goods from an

inventory; (c) whether the seller makes or intends to make a profit from the sale; (d) whether the seller or buyer reaps a bargained-for benefit; (e) the percentage of the seller's total sales that the sale represents; and (f) any other activities in which the seller is engaged. Provide that the same changes apply with respect to the definitions of "sale," "sale, lease, or rental," "retail sale," "sale at retail," and "seller."

Amend the sales and use tax statutes to provide that, unless specifically exempted: (a) all sales, leases, or rentals of tangible personal property at retail in Wisconsin are subject to the state sales tax; (b) the selling, performing, or furnishing of taxable services at retail in this state are subject to the state sales tax; and (c) the storage, use, or other consumption in this state of all tangible personal property, and the use or other consumption in this state of a taxable service, purchased from any retailer is subject to the state use tax. In addition, modify provisions related to the local food and beverage tax, local rental car tax, state rental vehicle fee, and the regional transit authority fee to include references to "a" and "c."

Provide that these provisions take effect retroactively to January 1, 2006. The effective date is consistent with provisions under 2005 Act 25 that specified that a "retailer" includes every seller who makes any sale, regardless of whether the sale is mercantile in nature.

2005 Act 25 provided an exemption for sales of taxable services and tangible personal property physically transferred to a purchaser as a necessary part of certain taxable services if the seller and the purchaser are members of the same affiliated group and are eligible to file a single consolidated return for federal tax purposes. Prior to the Supreme Court decision, DOR had considered other transfers of assets between two companies owned by the same parent to be taxable sales. However, based on the *River City* decision, businesses would have been able to make certain purchases through out-of-state subsidiaries and avoid paying sales and use taxes. This provision averts the potential revenue loss associated with the *River City* decision.

[Act 20 Sections: 2200m thru 2289d, 2300d, 2326d, 2486ac thru 2492ac, 2495ac, 9341(7p), and 9441(4q)]

7. SALES TAX EXEMPTION FOR BIOMASS USED FOR FUEL AND SOLD FOR RESIDENTIAL USE

Provide a sales and use tax exemption for biomass used for fuel and sold for residential use. Define "biomass" to mean a resource that derives energy from wood or plant material or residue, biological waste, crops grown for use as a resource, or landfill gases. "Biomass" does not include garbage or nonvegetation-based industrial, commercial, or household waste, except that "biomass" includes refuse-derived fuel used for a renewable facility that was in service before January 1, 1998. Provide that the provision takes effect on December 1, 2007. The estimated fiscal effect is unknown but is not expected to be significant.

[Act 20 Sections: 2391d and 9441(4f)]

8. SALES AND USE TAX EXEMPTION FOR CLAY PIGEONS

Modify the sales and use tax exemption for clay pigeons sold to certain shooting facilities, effective July 1, 2007.

Under prior and current laws, clay pigeons that are sold to a shooting facility are exempt from the sales and use tax if either of the following apply: (a) the shooting facility is required to pay the tax imposed on its gross receipts from charges for shooting at the facility; or (b) the shooting facility is a nonprofit organization that charges for shooting at the facility but is not required to pay the tax on such charges as they are exempt as occasional sales.

The law also provides, effective July 1, 2007, a sales and use tax exemption for the sale of admissions by a gun club that is a nonprofit gun organization and that provides safety classes to at least 25 individuals in the calendar year.

Prior to the budget act, as a result of the sales and use tax exemption for gun clubs, effective July 1, 2007, clay pigeons sold to a shooting facility that were exempt under "a", above, would become taxable to such a shooting facility if the facility claimed the sales tax exemption for gun club membership. The act modifies the exemption for clay pigeons to specify that a shooting facility that is a nonprofit organization that charges for shooting at the facility but is not required to pay the tax on admissions because they qualify for the exemption for nonprofit gun clubs is also exempt from the sales tax on clay pigeons. It is estimated that the provision will have a minimal fiscal effect.

[Act 20 Sections: 2410d, 9341(15w), and 9441(5f)]

Excise Taxes and Regulation of Tobacco and Alcohol

1. CIGARETTE AND TOBACCO PRODUCTS TAX AND REFUND INCREASES

GPR-REV	\$410,900,000
GPR	\$15,100,000

Increase the cigarette tax by \$1.00 per pack (from \$0.77 to \$1.77). Increase the tobacco products tax on all tobacco products (which excludes cigarettes), other than moist snuff, from 25% of the manufacturer's established list price to 50% of the manufacturer's list price. Provide, however, that the tax on cigars will be capped at a maximum of \$0.50 per cigar. Convert the tax on moist snuff from the current ad valorem (price-based) tax to a weight-based tax at the rate of \$1.31 per ounce. For purposes of these provisions, define "moist snuff" to mean any finely cut, ground, or powdered smokeless tobacco that is intended to be placed or dipped in the oral cavity. Specify that these changes take effect on January 1, 2008.

Estimate increased general fund tax revenues under these provisions as follows: (a) from the proposed cigarette tax increase, \$152,500,000 in 2007-08 and \$226,000,000 in 2008-09, for a biennial total of \$378,500,000; and (b) from the proposed tobacco products tax modifications, \$10,500,000 in 2007-08 and \$21,900,000 in 2008-09, for a biennial total of \$32,400,000.

The cigarette and tobacco products taxes are excise taxes that are generally imposed on distributors and passed on to the ultimate consumers. Distributors pay the tobacco products tax through monthly returns filed with DOR. The cigarette tax is paid through the purchase of tax stamps from DOR, generally by a manufacturer or distributor. The tax stamp must be affixed to each pack of cigarettes prior to its first sale in the state. Manufacturers and distributors currently receive a 1.6% discount on cigarette tax stamp purchases as compensation for their administrative costs. Under the act, the manufacturers and distributors discount is reduced to 0.7%. Under state law, on the effective date of any increase in the cigarette tax rates, a one-time "floor" tax is imposed on existing cigarette inventories, which must be paid to DOR by the 15th day after the effective date of a tax increase; the floor tax does not apply with respect to tobacco products. The act increases the length of time allowed after a tax increase for payment of the cigarette inventory floor tax from within 15 days to within 30 days of the effective date of a cigarette tax increase. The act also imposes an inventory tax on moist snuff.

Under prior law, cigarette tax revenues were estimated at \$304,000,000 in 2007-08 and \$305,000,000 in 2008-09. Based on the increase in the cigarette tax rate, total cigarette tax revenues are now estimated at \$456,500,000 in 2007-08 and \$531,000,000 in 2008-09. Tobacco products tax revenues, which were estimated at \$18,400,000 in 2007-08 and \$19,300,000 in 2008-09 under prior law, are now estimated at \$28,900,000 in 2007-08 and \$41,200,000 in 2008-09.

For sales of cigarettes that occur on reservations or trust lands, state law provides that the tribes receive a refund of 100% of the excise tax on cigarettes sold to tribal members and 70% of the tax on sales to non-tribal members. For tobacco products (excluding cigarettes) sold on reservations or trust lands, the tribes receive a refund of 100% of the tax on products sold to tribal members and 50% of the tax on products sold to non-tribal members. The refunds are paid through a sum sufficient GPR appropriation. The act increases the estimate of sum sufficient funding required for cigarette and tobacco products tax refunds by \$5,600,000 in 2007-08 and by \$9,500,000 in 2008-09 (from a base funding level of \$12,200,000). Total funding for such refunds are estimated at \$17,800,000 in the first year and \$21,700,000 in the second year. The revised funding estimates reflect the effects of the modifications in cigarette and tobacco products taxes under the act.

[Act 20 Sections: 2781 thru 2840d and 9441(6)]

2. SALES OF BEER, WINE, AND LIQUOR AT THE NATIONAL RAILROAD MUSEUM

Authorize a caterer with a license to sell beer and/or intoxicating liquor (including wine) at retail for on- and off-premises consumption to sell beer and/or intoxicating liquor at the National Railroad Museum in Green Bay for special events held at the Museum.

Provide that, for purposes of this provision, a "caterer" means any person holding a state restaurant permit who is in the business of preparing food and transporting it for consumption on premises where gatherings, meetings, or events are held, if the sale of food at each gathering, meeting, or event accounts for greater than 50% of the gross receipts of all the food and beverages served at the gathering, meeting, or event.

Provide that a Class "B" license for the retail sale of beer for on-premises or off-premises consumption also authorizes a caterer to provide beer, including the retail sale of beer, at the National Railroad Museum in Green Bay during special events held at the museum, notwithstanding certain other provisions specifying that: (a) each application for an alcoholic beverage license or permit must specify the premises where the alcoholic beverages will be sold or stored or both; (b) with certain exceptions, retailers and other alcoholic beverage licensees and permittees must have a separate permit or license covering each location or premises from which deliveries and sales of alcoholic beverages are made or at which alcoholic beverages are stored; and (c) with certain exceptions, owners, lessees, or persons in charge of a public place may not permit the consumption of alcoholic beverages on the premises of the public place unless the person has an appropriate retail license or permit.

In addition, provide that, notwithstanding provisions that authorize municipal governing bodies to issue a Class "B" license for the sale of beer from a premise within the municipality to be consumed either on the premises where sold or off the premises, a caterer may provide beer at any location at the National Railroad Museum even though the National Railroad Museum is not part of the caterer's licensed premises and even if the Museum is not located within the municipality that issued the caterer's license. Specify that a caterer providing beer under these provisions is subject to certain provisions related to premises operated under a Class "B" license as if the beer were provided on the caterer's Class "B" licensed premises.

Specify that these provisions do not authorize the National Railroad Museum to sell beer at retail or to procure or stock beer for purposes of retail sale. In addition, specify that all of the provisions described above with respect to sales of beer by a caterer at the National Railroad Museum in Green Bay do not apply if, at any time, the Museum holds a Class "B" license.

Provide parallel provisions related to a "Class B" license to sell intoxicating liquor (which includes wine but does not include beer).

[Act 20 Sections: 2757w, 2759ce, and 2759cs]

3. BREWPUB PERMITS

Create a brewpub permit, issued by the Department of Revenue, authorizing a brewpub -- together with up to five other members in a brewpub group -- to manufacture a combined total of up to 10,000 barrels of beer annually and to transport the beer to any other brewpub premises or Class "B" premises (which are authorized to sell beer for on-premises consumption at retail) of the brewpub group.

Provide that a brewpub permit authorizes the sale of the brewpub's beer to wholesalers and, to a limited extent, to retailers outside the brewpub group, and the sale of alcohol beverages at retail at a restaurant on the brewpub premises in accordance with the terms of any municipal beer or liquor licenses held by the brewpub. In addition, delete provisions under prior law pertaining to small brewers, and specify that no person issued a brewer's permit after the effective date of these provisions may hold a state restaurant permit.

Specify that these provisions take effect on November 25, 2007. The provisions are not expected to have a significant fiscal effect.

BACKGROUND

Under state law, alcohol beverages are generally distributed to consumers under a three-tier distribution system: the manufacturer may sell only to a wholesaler or rectifier; the wholesaler or rectifier may sell only to a wholesaler or to a retailer; and the retailer may sell only to the consumer. With specific exceptions, no person may sell outside of the three-tier system.

The following information describes state law as it applied with respect to brewers and the three-tier distribution system prior to the effective date of the modifications enacted under Act 20. State law defined a brewer as a person who manufactures beer for sale or transportation. A brewer's permit authorized certain exceptions to the three-tier system. A brewer could obtain a municipally issued wholesaler's license authorizing the brewer to sell beer (including both beer brewed by the brewer selling the beer as well as others) to wholesalers or retailers. A brewer could also hold a retail Class "A" license for the sale of beer for off-premises consumption but, with an exception for grandfathered licenses, could not hold both a wholesaler's and a Class "A" retail license. State law was interpreted to require a brewer to hold a wholesaler's license in order to sell its own beer at wholesale.

With exceptions, a brewer was not permitted to hold a retail Class "B" beer license for sales of beer for on- and off-premises consumption. One exception was that a brewer was permitted to maintain and operate, and hold Class "B" licenses for, one place on brewery premises and one place on another property owned by the brewer or a subsidiary or affiliate. In addition to these two Class "B" licenses, a "small brewer" (generally one that manufactured less than 4,000 barrels of beer annually) was permitted to possess a Class "B" license for not more than four restaurants under the following conditions: (a) the sale of alcohol beverages accounted for less than 50% of gross receipts; (b) the restaurant also sold other brewers' beer; and (c) the brewer's own beer was purchased by the restaurant from an independent wholesaler. In addition to the two Class "B" licenses allowed for all brewers, a brewer other than one also possessing a Class "B" license under the "small brewer" provisions was authorized to hold an indirect interest in a Class "B" license for not more than 20 restaurants under the following conditions: (a) in each of the restaurants, the sale of alcohol beverages accounted for less than 60% of the restaurant's gross receipts; and (b) no beer manufactured by the brewer was offered for sale in any of the restaurants.

A "Class B" license authorizes the retail sale of intoxicating liquor for consumption on or

off the licensed premises. (However, the authorization for sales for off-premises consumption is subject to certain limitations, some of which depend on whether the issuing municipality has adopted an ordinance related to "Class B" licenses.) Because a "Class B" license may be issued only to the holder of a Class "B" license, a brewer was also limited in the number of "Class B" licenses it could hold.

Under state law, beer could not be sold, transported, or delivered to a Class "A" licensee or Class "B" licensee unless the beer was first unloaded at and distributed from a licensed beer wholesaler's warehouse, which generally had to be at a location physically separate from any retail premises or brewery premises. However, there were a number of exceptions to this prohibition, including exceptions that applied to certain brewers holding wholesale and retail licenses or manufacturing 50,000 barrels of beer or less annually. Also, deliveries of beer to retailers could be made only by licensed wholesalers and could be made to retailers only at their retail premises. No retailer could transport beer from one retail premises to another retail premises to sell it unless a brewer operated both retail premises. State law also required, with limited exceptions, that beer wholesalers enter into written agreements with brewers supplying beer brands granting to the wholesalers distribution rights within exclusive designated sales territories, and further imposed requirements on the termination of such agreements. A brewer, in providing beer to its own retail premises, was not subject to restrictions on the sale, transportation, and delivery of beer generally applicable to wholesalers and retailers.

MODIFICATIONS UNDER ACT 20

The modifications to prior law pertaining to brewers and the creation of a brewpub permit under Act 20 are described below.

Modifications to Chapter 125 -- "Alcohol Beverages"

Definitions and References

Create the following definitions under Chapter 125 of the Wisconsin statutes, which pertains to the regulation of alcoholic beverages:

a. A "brewer group" means a brewer, including all premises for which the brewer holds a brewer's permit, together with all of the following: (1) all brewers that share membership with the brewer in a controlled group of brewers, as determined under related federal provisions; (2) all brewers considered with the brewer as one taxpayer under federal regulations; (3) all franchisees of the brewer; (4) all franchisees of the brewer's franchisor; and (5) the franchisor of the brewer.

b. A "brewpub" means a permittee holding a brewpub permit issued by DOR.

c. A "brewpub group" means a brewpub, including all premises for which the brewpub holds a brewpub permit, together with all of the following: (1) all brewpubs that share membership with the brewpubs in a controlled group of brewpubs, as determined under related federal provisions; (2) all brewpubs considered with the brewpub as one taxpayer under

federal regulations; (3) all franchisees of the brewpub; (4) all franchisees of the brewpub's franchisor; and (5) the franchisor of the brewpub.

d. A "brewpub premises" means any premises covered by a brewpub permit.

In addition, provide that a "brewer" does not include a permittee holding a brewpub permit.

Modify certain provisions under prior law that referred to a brewer (and/or to a brewer's permit) to also refer to a brewpub (and/or to a brewpub permit), including provisions related to the following: (a) the definition of a "wholesaler;" (b) a requirement that, with exceptions, wholesalers, manufacturers, rectifiers, brewers, and retailers must have a separate permit or license covering each location or premises from which deliveries and sales of alcohol beverages are made or at which alcohol beverages are stored; and (c) permissible possession of alcohol beverages in the course of employment by underaged persons.

In addition, as is the case with respect to employees of beer and liquor wholesalers, provide that a municipality may not prohibit employees of a person holding a brewpub permit, with respect to the permittee's own retail premises, from being present on the premises when the premises are not open for business if those persons are performing job-related activities on premises operating under a retail license or permit to sell beer or liquor.

Brewpub Permit

Require DOR to issue brewpub permits to eligible applicants authorizing all of the following:

a. The manufacture of beer on the brewpub premises if the entire manufacturing process occurs on these premises and not more than 10,000 barrels of beer are manufactured in a calendar year by the permittee's brewpub group.

b. The bottling on brewpub premises of beer that has been manufactured on the premises.

c. The packaging in refillable containers exceeding 24 ounces in volume, at the request of a customer and on brewpub premises, of beer that has been manufactured on the premises.

d. The possession and storage of any beer on brewpub premises.

e. The transportation of beer that has been manufactured on the brewpub premises between these premises and any other brewpub premises or Class "B" premises of the brewpub group.

f. The sale at wholesale, shipment, transportation, and delivery, in original unopened packages or containers, to wholesalers, from the brewpub premises, of beer that has been manufactured on the premises or on other brewpub premises of the brewpub (subject to certain distribution restrictions that require written agreements on wholesaler distribution rights and

designated sales territories, as is the case with respect to such transactions conducted by brewers and out-of-state shippers with wholesalers).

g. The sale at wholesale, shipment, transportation, and delivery, in original unopened packages or containers, to retailers, from the brewpub premises, of beer that has been manufactured on the premises or on other brewpub premises of the brewpub. A brewpub's brewpub group may not sell, ship, transport, or deliver more than a total of 1,000 barrels of beer in any calendar year to retailers under these provisions. Beer provided by a brewpub to any retail premises for which the brewpub group holds a retail license is not included in any calculation of the 1,000-barrel limitation. Deliveries and shipments of beer by a brewpub under these provisions may be made to retailers only at their retail premises. No retailer receiving such a delivery or shipment may further transport the delivery or shipment to any other retail premises unless both retail premises are operated by a brewpub holding the retail licenses. [This provision is comparable to existing provisions permitting further transport of beer between two retail premises operated by a brewer holding both retail licenses.]

h. The sale of alcohol beverages at retail at a restaurant on the brewpub premises in accordance with the terms of any retail Class "B" beer license, "Class B" liquor license, or "Class C" liquor license held by the brewpub (in accordance with the eligibility requirements for applying for a brewpub permit, described below) for such a restaurant.

i. Notwithstanding certain restrictions that would otherwise apply (related to furnishing things of value to retailers), the ownership, maintenance, and operation of places for the sale of beer at the state fair park or on any county fairgrounds located in this state if the beer has been manufactured by the brewpub. [This provision is comparable to existing provisions pertaining to brewers.]

Provide that an applicant is eligible for a brewpub permit only if all of the following apply:

a. The applicant's brewpub group manufactures a total of not more than 10,000 barrels of beer in a calendar year.

b. The applicant's entire process for manufacturing beer under the permit occurs on the premises for which the permit is issued. If the applicant holds more than one brewpub permit, the applicant is not required to manufacture beer on each premises for which a brewpub permit is issued.

c. The applicant operates a restaurant on the premises for which the permit is issued, for which a state restaurant permit has been issued.

d. The applicant holds a retail Class "B" beer license for the restaurant identified in "c" and offers for sale on the premises, in addition to beer manufactured by the applicant, beer manufactured by a brewer other than the applicant and its brewpub group. The applicant must also hold a valid business tax registration certificate.

e. Neither the applicant nor the applicant's brewpub group holds, or has a direct or indirect ownership interest in a premises operating under, any of the following: (1) a retail Class "A" beer license; (2) a retail Class "B" beer license, except as otherwise authorized under a brewpub permit for a restaurant on the brewpub's premises; (3) a beer wholesaler's license; (4) a brewer's permit; (5) a retail "Class B" liquor license or permit or a retail "Class C" liquor license, except as otherwise authorized under a brewpub permit for a restaurant on the brewpub's premises; or (6) an alcohol beverage warehouse permit.

Specify that, if an applicant for a brewpub permit has no current operations, the applicant may certify that the applicant has applied for or will apply for a retail Class "B" beer license or restaurant permit or will comply with any other requirement for eligibility for a brewpub permit prior to or upon commencing operations as a brewpub. Provide that if a Class "B" license or restaurant permit is not subsequently issued to the applicant, or if the applicant otherwise fails to comply with any requirement for eligibility for a brewpub permit, DOR may revoke the brewpub permit.

In addition, specify that if an applicant for a brewpub permit holds any license or permit prohibited under a brewpub permit at the time of its application, the applicant may certify that the applicant will surrender any such license or permit upon issuance of a brewpub permit. If DOR were to issue a permit under this provision and the applicant failed to surrender any license or permit prohibited under these provisions, DOR could revoke the brewpub permit. Under certain conditions, an applicant is not required to surrender a retail Class "B" beer license held by the applicant as permitted under current law provisions pertaining to multiple licenses and permits for brewers if the applicant's continued possession of such a license is consistent with related requirements under a brewpub permit.

Specify that a brewpub group may not hold more than six brewpub permits, and that a brewpub may not hold a Class "B" beer license other than one issued for a restaurant on the brewpub premises. In addition, provide that each Class "B" license must be issued for the brewpub's restaurant in the same name as the brewpub permittee (notwithstanding certain provisions that prohibit, with exceptions, the issuance of a Class "B" license to a person acting as an agent for, or in the employ of, another).

Provide that, notwithstanding certain provisions that generally prohibit a brewpub from providing items of value to beer retailers (and that also restrict brewers and wholesalers from furnishing items of value to beer retailers), a brewpub may own the furniture, fixtures, fittings, furnishings, and equipment on the Class "B" premises and must pay any license fee or tax required for the operation of the premises. (Similar treatment also applies with respect to brewers.)

In addition, subject to the requirements pertaining to retail "Class B" and "Class C" liquor licenses, specify that a brewpub may also hold "Class B" and "Class C" licenses, but only for restaurants on brewpub premises. Provide that the fee established by DOR for a brewpub permit may not exceed the fee established by the Department for a brewer's permit.

Require the Department of Revenue to promulgate rules and prescribe forms to ensure strict compliance with the requirements under the provisions on brewpub permits.

Restrictions on Permits and Licenses Issued to a Person Holding a Brewpub or a Brewer's Permit

Specify the following restrictions on the issuance of certain permits and licenses to a person holding a brewpub permit:

a. Specify that a Class "A" beer license (which is a municipal license for the retail sale of beer for off-premises consumption) may not be issued to a person holding a brewpub permit or to a person who has a direct or indirect ownership interest in a premises operating under a brewpub permit. [With an exception for grandfathered licenses, a brewer may hold either a Class "A" beer license or a wholesaler's license, but not both.]

b. Modify a prior law provision specifying that, with specific exceptions, a retail Class "B" beer license for the retail sale of beer to be consumed either on or off the premises where sold may not be issued to brewers to provide a similar restriction in the case of brewpubs (with the exception described above under the provisions on brewpub permits).

c. Provide that a wholesaler's license may not be issued to a person holding a brewpub permit or to a person who has a direct or indirect ownership interest in a premises operating under a brewpub permit. [This provision would contrast with the treatment of brewers under both prior and current laws, which permit a brewer to also hold a wholesale license.]

d. Specify that no person holding a brewpub permit may register as a brewer.

Provisions Related to Multiple Licenses and Permits for Brewers

Modify a prior provision permitting a brewer to maintain and operate, and hold Class "B" licenses for, one place on brewery premises and one place on another property owned by the brewer or a subsidiary or affiliate to delete the requirement that the second property be owned by the brewer or a subsidiary or affiliate. Create a new provision prohibiting a person issued a brewer's permit after the effective date of these provisions from also holding a state restaurant permit.

Delete the definition under prior law of a "small brewer" as a brewer that, together with the beer manufactured during the same year by all of the following, manufactures less than 4,000 barrels of beer annually: (a) all brewers that share membership with the brewer in a controlled group of brewers, as determined under related federal provisions; (b) all brewers considered with the brewer as one taxpayer under federal regulations; (c) all franchisees of the brewer; (d) all franchisees of the brewer's franchisor; and (e) the franchisor of the brewer. [It should be noted that, while Act 20 deleted the definition of a small brewer, the entities previously identified under such definition (under "a" through "e," above) were incorporated into the new definition of a "brewer group."]

Delete related provisions that previously: (a) permitted a small brewer to possess a Class "B" license for not more than four restaurants in each of which the sale of alcohol beverages accounted for less than 50% of the restaurant's gross receipts and in which beer manufactured by a brewer other than the small brewer who possessed the Class "B" license was offered for sale; and (b) provided that no restaurant whose Class "B" license was issued to a small brewer could sell beer manufactured by the small brewer unless the restaurant purchased the beer from a wholesaler that had no direct or indirect ownership interest in the brewery that manufactured the beer.

In addition, delete cross references to the provisions on small brewers (which the act deleted) that had been included under other provisions on multiple licenses and permits for brewers.

General Restriction and Requirements Related to Beer

Modify certain provisions under prior law that required signs with brand names near taps at retail Class "B" beer premises and also required beer labels on barrels, kegs, casks, bottles, or other containers of beer to identify the brewer that manufactured the beer to specify, instead, that such signs and labels must identify the brewer or the brewpub that manufactured the beer.

Restrictions on Dealings Between Brewers, Brewpubs, Wholesalers, and Retailers

Modify a prior law section pertaining to restrictions on dealings between brewers, wholesalers, and retailers to provide related restrictions with respect to brewpubs as follows:

General Restrictions on Furnishing Items of Value. Modify existing provisions that specify, with exceptions, that: (a) no brewer or wholesaler may furnish, give, lend, lease, or sell any furniture, fixtures, fittings, equipment, money, or other things of value to any campus or Class "B" beer licensee or permittee, or to any person for the use, benefit, or relief of any campus of Class "B" licensee or permittee, or guarantee the repayment of any loan or the fulfillment of any financial obligation of any campus or Class "B" licensee or permittee; and (b) such actions may not be taken by the brewer or wholesaler directly or indirectly, or through a subsidiary or affiliate corporation or limited liability company, or by any officer, director, stockholder, partner, or member thereof. Provide that such restrictions also apply with respect to a brewpub, except as provided under the new provisions on brewpub permits allowing a brewpub to own the furniture, fixtures, fittings, furnishings, and equipment on a Class "B" premises for which the brewpub holds a Class "B" license.

Exceptions to Restrictions on Furnishing Items of Value. Specify that existing provisions providing exceptions to the restrictions described above (including general exceptions as well as exceptions specific to retail trade association contributions) related to brewers or to brewers and wholesalers also apply with respect to a brewpub.

Volume Discounts to Retailers. Provide that the following existing provisions that apply with respect to beer wholesalers also apply with respect to the maximum 1,000 barrels annually

that a brewpub permit authorizes a brewpub to sell at wholesale to retailers from the brewpub premises: (a) beer wholesalers must charge the same price to all campuses and retail licensees and permittees making purchases in similar quantities; and (b) any discount offered on beer must be delivered to the retailer in a single transaction and single delivery and on a single invoice.

Retail Purchase Credit Restrictions. Provide that existing retail purchase credit restrictions related to purchases of beer by retail licensees or permittees from licensees or permittees also apply with respect to such purchases from a brewpub acting under its authority to sell up to 1,000 barrels annually at wholesale to retailers from brewpub premises. In addition, provide that limitations on purchases of beer and issuances of retail Class "A" and Class "B" licenses or permits based on indebtedness to a beer licensee or permittee also apply with respect to indebtedness to a brewpub.

Modify an existing provision providing that, for purposes of the retail purchase credit restrictions, a person holding both a beer wholesale license and a beer retail license is deemed a beer retailer. Provide that, for purposes of these provisions, when acting under authority of a retail license with respect to beer not manufactured by the brewpub, a brewpub is deemed a beer retailer. Specify, however, that the provision does not affect the retail purchase credit provisions with respect to a brewpub acting under its authority to sell up to 1,000 barrels annually at wholesale to retailers from the brewpub premises.

In addition, modify a provision specifying that no brewer or wholesaler may be subjected to any penalty as the result of the sale of beer to a campus or retail licensee or permittee when purchased by the campus or retail licensee or permittee in violation of retail purchase credit restrictions to also specify that a brewpub may not be subjected to a penalty under such circumstances.

Exclusive Sales by Wholesalers. Modify an existing provision that states that a wholesaler may not sell or offer to sell a brand of beer exclusively to one Class "A" licensee or to a group of Class "A" licensees affiliated through common ownership, management, or control, with an exception for a brand beer produced by a brewer that produces less than 300,000 barrels of beer in a calendar year. Provide that the exception to this restriction also applies in the case of beer produced by a brewpub.

Campuses and Retailers to Purchase from Wholesalers. Modify existing law to provide that a current provision specifying that no campus or retail licensee or permittee may purchase or possess beer purchased from any person other than a licensed beer wholesaler does not apply in the case of a brewpub selling up to 1,000 barrels annually at wholesale to retailers from the brewpub premises (as authorized under a brewpub permit).

Additional Provisions. Specify that, for the purpose of certain additional restrictions on dealings between the tiers of the beer distribution system, prior law provisions applicable to a brewer or a brewer's agent also apply with respect to a brewpub or a brewpub's agent. Such provisions concern: (a) conditional purchases of beer; (b) compensation for termination of

wholesaler distribution rights; and (c) permissible sources of beer for certain types of sales by wholesalers.

Distribution Restrictions on Wholesalers, Brewers, Brewpubs, and Out-of-State Shippers

Modify provisions pertaining to distribution restrictions on wholesalers, brewers, and out-of-state shippers to include restrictions pertaining to brewpubs. Provide that wherever the term "brewer" appears, the term "brewpub" is also added to the following: (a) the title of the section; (b) definitions of "brand" and "designated sales territory;" (c) provisions requiring written agreements between a wholesaler and a brewer or an out-of-state shipper pertaining to distribution rights for specified brands of beer; (d) provisions requiring exclusivity of the distribution rights for a designated sales territory; and (e) provisions that prohibit, with exceptions, sales by wholesalers to retailers located outside of a designated sales territory for a particular brand.

Modify existing provisions that generally require beer to be unloaded at a wholesaler's warehouse premises covered by both a wholesaler's license and an alcohol beverage warehouse permit before being delivered to a retailer to provide exceptions related to the following activities authorized under a brewpub permit: (a) the sale at wholesale, shipment, transportation, and delivery, in original unopened packages or containers, to wholesalers, from the brewpub premises, of beer that has been manufactured on the premises or on other brewpub premises of the brewpub; and (b) the sale of up to 1,000 barrels of beer in any calendar year (in addition to beer delivered by the brewpub to any retail premises for which the brewpub group holds a retail license) at wholesale, shipment, transportation, and delivery, in original unopened packages or containers, to retailers, from a brewpub premises, of beer that has been manufactured on the premises or on other brewpub premises of the brewpub. In addition, add a reference in this section to existing exceptions from the provisions with respect to brewers and out-of-state shippers.

Provide the same exceptions as those described in the preceding paragraph with respect to existing provisions specifying that: (a) deliveries of beer to retailers may be made only by wholesalers and must be made to retailers only at their retail premises; and (b) no retailer may transport beer from one retail premises to another retail premises for purposes of selling the beer at the other retail premises unless both retail premises are operated by a brewer. In addition, specify that the exception under "b" also applies when both retail premises are operated by a brewpub.

Restrictions on Dealings Between Intoxicating Liquor Manufacturers, Rectifiers, Wholesalers, and Retailers

Create a new provision pertaining to restrictions on dealings between manufacturers, rectifiers, wholesalers, and retailers stating that, except as authorized under a brewpub permit, no brewpub may hold any direct or indirect interest in any "Class B" liquor license or permit or establishment or a "Class C" liquor license or establishment. A brewpub permit (as created under the act) authorizes a brewpub to hold retail "Class B" and "Class C" liquor licenses,

subject to general provisions pertaining to such licenses, but only for restaurants on brewpub premises.

Severability. Specify that if any provision or clause of Chapter 125 or its application to any person or circumstances is held invalid, the invalidity will not affect other provisions or applications of the Chapter that can be given effect without the invalid provision or application, and to this end the provisions of the Chapter are severable.

Modifications to Chapter 139 -- "Beverages, Controlled Substances, and Tobacco Taxes"

Make the following changes to general definitions under Chapter 139: (a) modify the definition of a "bottler" as a person, other than a brewer, who places beer in bottles or similar containers to also exclude a brewpub that places beer in bottles or similar containers; (b) clarify that a "brewer" does not include a permittee holding a brewpub permit; and (c) define "brewpub" and "brewpub premises" through references to such terms in Chapter 125 (as created under the act).

Modify a current exclusion from the state's occupational tax on beer in respect to a brewer's furnishing of beer to workmen employed in the brewery for consumption on the brewery premises without charge to specify that the exclusion also applies with respect to a brewpub and brewpub premises.

Specify that the existing law provisions under Chapter 139 pertaining to powers and duties of the Secretary of DOR, registration, records and reports, presumptions from possession, and confiscation, as they relate to brewers and brewery production, also apply with respect to brewpubs and brewpub production.

Additional Modifications

Specify that a provision under Chapter 346, "Rules of the Road," that provides an exception to a general prohibition against underage persons knowingly having alcohol beverages in any motor vehicle unless the person is employed by a brewer, an alcohol beverage licensee, wholesaler, retailer, distributor, manufacturer, or rectifier, subject to certain provisions of Chapter 125, also apply in the case of a person employed by a brewpub.

[Act 20 Sections: 2757t thru 2757tm, 2757we thru 2757ws, 2759b, 2759ca, 2759cb, 2759cec thru 2759cLh, 2759um, 2777g, 2777r, 2780cd thru 2780cj, 2780m, 2780p, 3425m, and 9441(13d)]

Utility Taxes

1. REPEAL SUNSET OF GROSS REVENUES TAX RATE ON WHOLESALE ELECTRICITY SALES

Repeal prior law provisions that would have sunset the 1.59% tax rate on revenues from the sale of electricity for resale and, instead, extend the 1.59% tax rate indefinitely under the state's gross revenues taxes on light, heat, and power companies and electric cooperatives. Under current law, light, heat, and power companies and electric cooperatives are subject to a state license fee imposed at a rate of 3.19% on revenues from the sale of electricity. However, as a result of 2001 Wisconsin Act 16, gross revenues from the sale of electricity for resale that occur from January 1, 2004, through December 31, 2009, are taxed at a rate of 1.59%. This coincides to the state license fees assessed between May 1, 2005, and May 1, 2010. Beginning with the 2011 license fee, imposed on revenues received in 2010, revenues from the sale of electricity for resale were to be taxed at a rate of 3.19%. The Act 20 provision repeals the sunset and retains the 1.59% rate imposed on revenues from the sale of electricity for resale. No fiscal effect is reflected in the 2007-09 biennium because this provision will first affect license fee payments in May, 2010. However, state license fees will be reduced by an estimated \$9 million in 2009-10 and \$18 million annually thereafter.

[Act 20 Sections: 2161g and 2161h]

Tax Administration

1. TAX SHELTER COMPLIANCE INITIATIVE

GPR-REV \$10,200,000

Implement a system to require taxpayers and tax advisors to report certain types of transactions that may indicate the existence of tax shelters. Penalties will be imposed for engaging in and failure to report on such activities. DOR can waive or abate penalties under a voluntary compliance program. The specific provisions of the compliance initiative are described in the following sections.

Definitions

"Listed transaction" means any reportable transaction that was the same as, or substantially similar to, a transaction, plan, or arrangement specifically identified by the U.S. Secretary of the Treasury as a listed transaction, for the purposes of section 6011 of the IRC

(relating to tax shelter transactions), and that is specifically identified by the U.S. Secretary of the Treasury as a listed transaction on or after the date the transaction occurred.

"Material advisor" is defined as any person who provided any material aid, assistance, or advice with respect to organizing, managing, promoting, selling, implementing, insuring, or carrying out any reportable transaction and who, directly or indirectly, derived gross income from providing such aid, assistance, or advice in an amount that exceeded the following thresholds:

- a. \$50,000, in the case of a reportable transaction, not including a listed transaction, from which the tax benefits are provided primarily to an individual.
- b. \$10,000, in the case of a listed transaction, from which the tax benefits are provided primarily to an individual.
- c. \$250,000, in the case of a reportable transaction, not including a listed transaction, from which the tax benefits are provided to an entity, and not an individual.
- d. \$25,000 in the case of a listed transaction, from which the tax benefits are provided primarily to an entity and not an individual.

"Reportable transaction" is defined as any transaction, plan or arrangement, including a listed transaction, for which a taxpayer is required to submit information to DOR because the taxpayer is required to disclose the transaction, plan, or arrangement for federal income tax purposes for the tax year in which the transaction occurred, as provided under U.S. Department of Treasury regulations.

"Tax avoidance transaction" is defined as a transaction, plan, or arrangement devised for the principal purpose of avoiding federal or Wisconsin income or franchise tax and that is a reportable transaction as provided under U.S. Department of the Treasury regulations, as of the effective date of Act 20 (October 27, 2007) and includes any transaction, as determined by DOR, that provides tax benefits for Wisconsin income and franchise tax purposes, even if there is no federal benefit.

"Tax shelter" means any entity, plan, or arrangement, if avoiding or evading federal income tax or Wisconsin income or franchise tax is a significant purpose of the entity, plan, or arrangement.

"Taxpayer" means a person who is subject to the state individual income or corporate income and franchise taxes, and who has a tax liability attributable to using a tax avoidance transaction for any tax year beginning before January 1, 2007.

Disclosure of Reportable Transactions

Disclosure Requirement. Taxpayers are required to file with DOR a copy of the form prescribed by the Internal Revenue Service for disclosing a reportable transaction, for each tax year that the taxpayer participates in a reportable transaction. The filing requirement applies to

any reportable transaction entered into on or after January 1, 2001, and for any reportable transaction entered into before January 1, 2001, that reduced the taxpayer's liability for tax years after that date, for any tax year for which the transaction remains undisclosed, and for which the statute of limitations on an assessment, including any extension under the provisions of the act, has not expired as of December 26, 2007. The form has to be filed no later than 60 days after the date for which the taxpayer is required to file the form for federal tax purposes, except that if the taxpayer files a form with the IRS on or before October 27, 2007, the taxpayer has to file a copy of the form with the Department by the last day of May, 2008. DOR can require that the disclosure form be filed separately from the taxpayer's state income and franchise tax return.

Penalty for Failure to Disclose. Any taxpayer who fails to file a required disclosure form is subject to a penalty equal to: (a) the lesser of \$15,000 or 10% of the tax benefit obtained from a reportable transaction, if the taxpayer participates in such a transaction that is not a listed transaction; or (b) \$30,000 if the taxpayer participates in a listed transaction. The penalties apply to: (a) any failure to disclose a listed transaction that was entered into on or after January 1, 2001, or entered into prior to January 1, 2001, that reduced the taxpayer's liability for tax years after that date, including transactions that were not listed transactions when entered into but became such before October 27, 2007, or (b) any other reportable transaction entered into before October 27, 2007, for any tax year for which the statute of limitations on assessment, including any extension under the act, had not expired as of October 27, 2007. The Secretary of Revenue is authorized to waive or abate these penalties, or a portion of them, that are related to a reportable transaction that is not a listed transaction, if the waiver or abatement promotes compliance with these provisions and effective tax administration. The Secretary's decision is final.

Understatement Penalties. Taxpayers are also subject to penalties for reportable transaction understatements. In addition to any tax owed, the taxpayer is subject to a penalty of either 20% of the reportable transaction understatement, or 30% of the reportable transaction understatement in cases where the reportable transaction is not disclosed. A taxpayer has a reportable transaction understatement if the following calculation results in a positive number:

a. Multiply the taxpayer's highest applicable state individual income or corporate income and franchise tax rate by the amount of any increase in Wisconsin taxable income that results from the difference between the proper tax treatment of the reportable transaction and the taxpayer's treatment of the transaction on the taxpayer's return. This calculation also applies to any amended return the taxpayer filed before the date on which the Department first contacts the taxpayer regarding an examination of the tax year for which the amended return is filed. The amount of any increase in Wisconsin taxable income for a tax year includes any reduction in the amount of loss available for carry-forward to the subsequent year.

b. Add the amount determined under "a" to the amount of any decrease in the aggregate amount of Wisconsin income or franchise tax credits that results from the difference between the proper tax treatment of a reportable transaction and the taxpayer's treatment of the transaction as shown on the taxpayer's return.

The reportable transaction understatement penalties apply to any understatement from a reportable transaction, including a listed transaction, that was entered into on or after January 1, 2001, or entered into prior to January 1, 2001, that reduces the taxpayer's liability for tax years after that date, for any tax year for which the statute of limitations on the assessment, including any extension, had not expired on October 27, 2007.

Additional penalties can be imposed for reportable transaction understatements. A taxpayer that files an amended return after the last day of May, 2008, and before the taxpayer is contacted by the IRS or DOR regarding a reportable transaction, is subject to a penalty equal to 50% of the interest assessed on tax due for any reportable transaction understatement for the tax period for which the IRS or DOR contacted the taxpayer. If the IRS or DOR contacts the taxpayer after the last day of May, 2008, regarding a reportable transaction, and before the taxpayer files an amended return with respect to the reportable transaction, the taxpayer is subject to a penalty equal to the interest assessed on taxes due for any reportable transaction understatement for the tax period for which the IRS or DOR contacts the taxpayer.

These penalties apply to any reportable transaction understatement that resulted from a reportable transaction, including a listed transaction, entered into on or after January 1, 2001, or entered into prior to January 1, 2001, that reduced the taxpayer's liability for tax years after that date, for any tax year for which the statute of limitations on assessment, including any extension, had not expired by October 27, 2007.

The Secretary of Revenue is authorized to waive or abate the understatement penalties, or any portion of the penalties, if the taxpayer demonstrates to the Department that the taxpayer had reasonable cause to act the way the taxpayer acted, and in good faith, in regard to the tax treatment for which a penalty is imposed, and all the facts relevant to such tax treatment are adequately included in the disclosure statement. If the taxpayer does not fully disclose such facts in the statement, the Secretary can waive the penalty if the taxpayer demonstrates to the Department that the tax treatment for which the penalty is imposed is more likely than not the proper treatment, and that substantial authority exists or existed for such tax treatment. The Secretary's decision is final.

Statute of Limitations. A statute of limitations is established for assessing taxes related to reportable transactions. In cases where a taxpayer fails to provide any information regarding a reportable transaction, but not including listed transactions, the time for assessing the state income or franchise tax with respect to that transaction expires on the date that is six years after the date on which the return for the tax year in which the reportable transaction occurred is filed. In cases where the taxpayer fails to provide any information regarding a listed transaction, the time for assessing the state income or franchise tax with respect to that transaction expires on the latest of the following dates:

- a. The date that is six years after the date on which the return for the tax year in which the listed transaction occurred is filed.
- b. The date that is 12 months after the date on which the taxpayer provides disclosure

information regarding the listed transaction.

c. The date that is 12 months after the date on which the taxpayer's material advisor provides, at the Department's request, the required list of Wisconsin taxpayers served (described below).

d. The date that is four years after the date on which the Department discovers a listed transaction that is a listed transaction on the date the transaction occurs for which the taxpayer does not provide the required disclosure information, or for which the taxpayer's material advisor does not provide the required list of taxpayers served.

The limitation dates for reportable transactions and listed transactions can be extended by a written agreement between the taxpayer and DOR.

These provisions apply to any reportable transaction, including a listed transaction, entered into on or after January 1, 2001, or entered into prior to January 1, 2001, that reduced the taxpayer's liability for tax years beginning after that date.

Material Advisors. Material advisors to taxpayers are required to file disclosure statements. Each material advisor who is required to disclose a reportable transaction under the Internal Revenue Code is required to file a copy of the disclosure with DOR within 60 days after the date for which the material advisor is required to file the disclosure with the IRS. However, if the material advisor filed the disclosure with the IRS on or before October 27, 2007, the material advisor is required to file a copy of the disclosure statement with DOR by the last day of May, 2008.

Each material advisor is required to maintain a list that identifies each Wisconsin taxpayer for whom the material advisor provides services with respect to a reportable transaction, regardless of whether the taxpayer is required to file a disclosure form with DOR. A material advisor who is required to maintain such a list must provide the list to the Department, after receiving a written request to provide the list. The material advisor also has to retain the information contained in the list for seven years or for a period determined by the Department by rule. If two or more material advisors are required to maintain identical lists, DOR can authorize only one material advisor to maintain the list. The material advisor reporting provisions apply to reportable transactions, not including listed transactions, for which the material advisor provides services after October 27, 2007. The reporting provisions apply for listed transactions for which the material advisor provided services, and that were entered into, on or after January 1, 2001, or that were entered into before January 1, 2001, and that reduced the taxpayer's liability for tax years beginning after that date, regardless of when the transactions became listed transactions.

Material Advisor Penalties. Penalties are imposed on material advisors for failing to file or maintain required information, or filing false or incomplete information. Specifically, any person who fails to file a required disclosure form or files a disclosure containing false or incomplete information is subject to the following penalties: (a) \$15,000 if the disclosure relates to a reportable transaction that is not a listed transaction; or (b) \$100,000 if the disclosure relates

to a listed transaction.

Any material advisor that fails to provide the required list of taxpayers to DOR no later than 20 business days after the date on which the person receives the request to provide the list, is required to pay a penalty to DOR that equals \$10,000 per day for each day that the person does not provide the list, beginning with the day that is 21 business days after the date on which the person receives the Department's request.

The Secretary of Revenue is authorized to waive or abate the material advisor penalties, or any portion of such penalties, that are related to a reportable transaction that is not a listed transaction, if the waiver or abatement promotes compliance with the material advisor reporting provisions and effective tax administration. In cases where a penalty is imposed for failure to maintain or provide the list of taxpayers served, the Secretary can waive or abate the penalties if, on each day after the time for providing the list without incurring a penalty has expired, the person demonstrates that the failure to provide the list was due to a reasonable cause. The Secretary's decision is final.

Tax Shelter Promotion. The act includes provisions that impose a penalty on persons for promotion of tax shelters. Beginning on October 27, 2007, any person who organizes or assists in organizing a tax shelter, or directly or indirectly participates in the sale of any interest in a tax shelter, and who makes or provides, or causes another person to make or provide, in connection with the organization or sale of a tax shelter, a statement that the person knows, or has reason to know, is false or fraudulent as to any material matter regarding the allowability of any tax deduction or credit, the excludability of any income, the manipulation of any allocation or apportionment rule, or the securing of any other tax benefit resulting from holding an interest in the entity or participating in the plan or arrangement, is required to pay a penalty to DOR, for each such sale or act of organization. The amount of penalty equals 50% of the person's gross income derived from the sale or act of organization.

The act also includes statutory language that provides that, for the purpose of administering the tax shelter compliance provisions, beginning on October 27, 2007, a written communication to any person, director, officer, employee, agent, or representative of the person, or any other person holding a capital or profits interest in the person, regarding the promotion of the person's direct or indirect participation in any tax shelter will not be considered a confidential or privileged communication.

Injunction. DOR is authorized to commence an action in the circuit court of Dane County to enjoin a person from taking any action, or failing to take any action that is subject to the tax shelter compliance penalties or is in violation of the tax shelter compliance provisions included in the act, or any related rules promulgated by DOR.

Tax Avoidance Voluntary Compliance Program

The act creates a voluntary compliance program under which DOR will waive or abate all penalties imposed for tax avoidance transactions, if the taxpayer files amended returns and pays amounts due. DOR is required to waive or abate all penalties that are applicable to the

underreporting or underpayment of Wisconsin income or franchise taxes attributable to using a tax avoidance transaction for any tax year for which the taxpayer meets certain conditions (described below). Similarly, DOR cannot seek criminal prosecution against a taxpayer for using a tax avoidance transaction for any tax year for which the taxpayer satisfies those conditions.

Specifically, a taxpayer is eligible for penalty waiver and abatement, and is not subject to criminal prosecution for underreporting or underpayment of income or franchise taxes if, during the period beginning on the first day of January, 2008, and ending on the last day of May, 2008, the taxpayer does the following:

a. Files an amended Wisconsin tax return for each tax year for which the taxpayer has previously filed a state tax return that used a tax avoidance transaction to underreport the taxpayer's Wisconsin income or franchise tax liability, and the amended return reports the total Wisconsin net income and tax for the tax year, computed without regard to any tax avoidance transaction, and without regard to any other adjustment that was unrelated to any tax avoidance transaction.

b. Pays, in full, for each year for which an amended return is filed, the entire amount of Wisconsin income or franchise tax and interest due that is attributable to using a tax avoidance transaction.

A taxpayer who participates in this program cannot file an appeal or a claim for credit or refund with respect to the tax avoidance transactions for the tax years for which the taxpayer files amended returns for penalty waiver or abatement, except to the extent that a timely filed appeal or claim for a return results from an adjustment to the taxpayer's federal income tax liability regarding such transactions.

DOR cannot waive or abate a penalty if it relates to an amount of Wisconsin income and franchise tax that is attributable to a tax avoidance transaction and is assessed or paid prior to beginning on the first day of January, 2008, or after the last day of May, 2008. DOR is required to promulgate rules, publish forms, and take any other action necessary to implement and administer the compliance program.

A transaction does not have to be a reportable transaction as provided under U.S. Department of the Treasury regulations in order for DOR to examine the transaction with regard to its principal purpose.

The act's provisions will increase individual income and corporate income and franchise taxes by an estimated \$9,400,000 in 2007-08 and \$800,000 in 2008-09 and annually thereafter.

[Act 20 Sections: 2137 and 2138]

GENERAL PROVISIONS

1. COMPENSATION FOR ELECTED TOWN OFFICERS WHO ALSO SERVE AS A TOWN EMPLOYEE

Modify the prior law provision that limited the amount of pay that an elected town officer, who also serves as a town employee, may receive for serving as a town employee by establishing a limit of \$15,000 for clerks, treasurers, and clerk-treasurers and continuing the previous limit of \$5,000 for all other elected officers. Some elected town clerks and treasurers are also employed by their towns to perform functions in addition to their official responsibilities. Prior law limited their pay for such other functions to \$5,000 annually. This provision increases that limit to \$15,000.

[Act 20 Section: 1860m]

2. ISSUANCE OF FIREWORKS PERMITS AND THE SALE OF FIREWORKS

Modify the prior law provision that limited municipalities' authority to issue fireworks user permits by replacing "a group of resident or nonresident individuals" with "any individual or group of individuals" among those who may receive permits. In addition, repeal the prior law provision that allows the sale of regulated fireworks to a person who is located outside of the state and instead allow the sale of fireworks to a nonresident person. Prior law regulated the sale, use, and possession of certain fireworks and prohibited the use or possession of regulated fireworks by any person who did not have a fireworks user's permit. Municipalities could issue those permits to: (a) groups of resident or nonresident individuals; (b) public authorities; (c) fair associations; (d) amusement parks; (e) park boards; (f) civic organizations; and (g) agricultural producers for the protection of crops from predatory birds or animals. This provision eliminates the requirement that individuals be in a group and, instead, allows a permit to be issued to a single individual. In addition, prior law prohibited the sale of regulated fireworks to any person who did not have a fireworks user's permit, except wholesalers were not prohibited from selling fireworks to a person outside the state. The courts have interpreted this provision as requiring the person to be physically located outside the state. This provision would instead allow a wholesaler to sell fireworks to a nonresident person.

[Act 20 Sections: 2913c, 2913d, and 2913e]

GOVERNMENT ACCOUNTABILITY BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$0	\$2,398,500	\$2,480,600	\$4,879,100	N.A.	0.00	14.30	14.30	14.30	N.A.
FED	0	1,575,500	1,477,800	3,053,300	N.A.	0.00	1.00	0.00	0.00	N.A.
PR	0	563,700	563,700	1,127,400	N.A.	0.00	3.45	3.45	3.45	N.A.
SEG	0	750,100	750,100	1,500,200	N.A.	0.00	0.00	0.00	0.00	N.A.
TOTAL	\$0	\$5,287,800	\$5,272,200	\$10,560,000	N.A.	0.00	18.75	17.75	17.75	N.A.

Budget Change Items

1. CREATION OF GOVERNMENT ACCOUNTABILITY BOARD

Effectuate the provisions of 2007 Wisconsin Act 1 creating the Government Accountability Board (GAB) and deleting the Elections and Ethics Boards.

	Funding	Positions
GPR	\$4,635,900	13.30
FED	3,053,300	0.00
PR	1,127,400	3.45
SEG	1,500,200	0.00
Total	\$10,316,800	16.75

Delete Elections and Ethics Boards Appropriations and Funding. Delete the Elections and Ethics Boards' Chapter 20 schedule and appropriations on the effective date of the act. Transfer funding and position authority provided to the Boards to GAB. The transferred funding and position authority consists of \$2,276,900 GPR and 13.3 GPR positions, \$1,575,500 FED and 1.0 FED position, \$563,700 PR and 3.45 PR positions, and \$750,100 SEG in 2007-08, and \$2,359,000 GPR and 13.3 GPR positions, \$1,477,800 FED, \$563,700 PR and 3.45 PR positions, and \$750,100 SEG in 2008-09.

Deposit of Revenues to Government Accountability Board Funds or Appropriations. Provide that the Elections and Ethics Boards (for so long as they remain constituted and vested with authority during 2007-09) must deposit all revenues received into the appropriate GAB fund or appropriation account, consistent with the purposes for which those revenues are directed by law to be deposited to or credited by GAB.

Expenditures from Government Accountability Board Appropriations. Provide that the Elections and Ethics Boards (for so long as they remain constituted and vested with authority during 2007-09) may encumber or expend moneys from any GAB appropriation, consistent with the purposes of that appropriation. Further provide that the Elections and Ethics Boards

may not encumber or expend funds in an amount greater than the amount that would have been authorized to the respective Boards during 2007-09, if the passage of the budget bill had been delayed.

Current Law. The provisions of 2007 Wisconsin Act 1 consolidated the Elections Board and the Ethics Board as a new Government Accountability Board. Under Act 1, the Elections and Ethics Boards cease to exist on the later of either: (a) September 1, 2007; or (b) the 31st day beginning after the date on which GAB has given final approval to the hiring of individuals to initially fill the positions of Legal Counsel to the Board, Administrator of the Ethics and Accountability Division of GAB, and Administrator of the Elections Division of GAB.

[Act 20 Sections: 1b, 3938c, 9118m(1u), and 9418m(1t)]

2. LEGAL COUNSEL

	Funding	Positions
GPR	\$243,200	1.00

Provide \$121,600 and 1.0 position annually to provide funding and position authority for the Legal Counsel position for the Board, which will serve as the administrative head for the agency.

Prior Law. Under Act 1, the Legislature created GAB and provided that a new Legal Counsel position would serve as the administrative head for the agency. GAB would have been required to delete an existing position under the Elections Board or Ethics Board and reallocate funding in order to provide for this position.

3. BOARD PER DIEM FUNDING

Reserve \$28,300 GPR annually under the Joint Committee on Finance GPR supplemental appropriation for possible future release to GAB to fund: (a) board member per diem costs for 12 board meetings annually; and (b) per diem costs for the Board Chair, or the Chair's designee, to canvass each state election event.

Provide that during each year of the 2007-09 biennium, GAB must report to the Co-Chairs of the Joint Committee on Finance concerning its need for board member per diem funding. If, within 14 working days after the date on which they receive the report, the Co-Chairs of the Committee do not notify the Legal Counsel of GAB that the Committee has scheduled a meeting for the purpose of reviewing the Board's report, the per diem funding under the Committee's GPR supplemental appropriation would be transferred to GAB's GPR-funded general program operations appropriation and may be expended by the Board for its per diem payment obligations. If, within 14 working days after the date that the Board submits its report, the Co-Chairs of the Committee notify the Legal Counsel of GAB that the Committee has scheduled a meeting for the purpose of reviewing the Board's proposed expenditures for board member per diem payments, the funding under the Committee's GPR supplemental appropriation for GAB per diem payments will only be transferred to GAB upon approval of

the transfer by the Committee. [See "Program Supplements."]

[Act 20 Sections: 9118m(1k) and 9227(1k)]

4. LOBBYING ADMINISTRATION PROGRAM REVENUE APPROPRIATION

Create a lobbying administration PR annual appropriation to permit lobbying fees to be separated from campaign finance registration fees from non-candidate campaign finance registrants. Re-title GAB's general program operations; program revenue appropriation created under Act 1, the election administration; program revenue appropriation.

The Elections Board currently collects filing fees from non-candidate campaign finance registrants to offset campaign finance administration costs, while the Ethics Board collects license fees from lobbyists and registration fees from lobbying principals to offset lobbying law administration costs. Under current law, each agency deposits these revenues to a general program operations PR appropriation. Under Act 1 creating GAB, these fees are deposited to, and expended from, a single PR-general program operations appropriation.

[Act 20 Sections: 543g, 543r, and 3938b]

GOVERNOR

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$3,866,600	\$4,047,800	\$4,047,800	\$362,400	4.7%	37.25	37.25	37.25	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$362,400
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Provide standard adjustments to the base budget for full funding of salaries and fringe benefit costs (\$181,200 annually).

2. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL

Reassign the executive salary group (ESG) classification of the Governor's Chief of Staff from ESG 4 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. The annual salary range for ESG 4 is from \$74,095 to \$114,848 for the 2007-08 fiscal year. The range for ESG 6 is from \$86,424 to \$133,960. This provision would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

HEALTH AND FAMILY SERVICES

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$2,713,210,500	\$2,621,525,100	\$2,505,021,000	-\$299,874,900	-5.5%	2,150.57	2,173.35	2,113.69	-36.88	-1.7%
FED	3,429,244,300	3,514,856,700	3,529,129,200	185,497,300	2.7	1,066.56	1,054.79	923.46	-143.10	-13.4
PR	421,314,700	480,698,200	460,204,300	98,273,100	11.7	2,552.32	2,629.61	2,473.92	-78.40	-3.1
SEG	<u>111,633,700</u>	<u>238,254,300</u>	<u>284,444,200</u>	<u>299,431,100</u>	134.1	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>0.00</u>	0.0
TOTAL	\$6,675,403,200	\$6,855,334,300	\$6,778,798,700	\$283,326,600	2.1%	5,771.45	5,859.75	5,513.07	-258.38	-4.5%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Provide \$28,429,100 (\$14,696,100 GPR, \$4,488,300 FED, \$9,236,000 PR, and \$8,700 SEG) in 2007-08 and \$28,542,900 (\$14,703,400 GPR, \$4,488,300 FED, \$9,342,500 PR, and \$8,700 SEG) in 2008-09 and 37.0 positions (-3.0 FED positions and 40.0 PR positions), beginning in 2007-08, to adjust the Department's base budget for: (a) turnover reduction (-\$2,095,600 GPR, -\$1,045,400 FED, and -\$2,289,600 PR annually); (b) removal of noncontinuing items (-\$58,000 GPR, -\$173,800 FED and -\$569,500 PR annually and -3.0 FED positions and -1.0 PR position, beginning in 2007-08); (c) full funding of salaries and fringe benefits (\$11,841,000 GPR, \$5,617,300 FED, \$3,743,200 PR, and \$8,700 SEG annually and 41.0 PR positions, beginning in 2007-08); (d) overtime (\$3,315,500 GPR and \$5,893,300 PR in 2007-08 and \$3,322,800 GPR and \$5,999,800 PR in 2008-09); (e) night and weekend salary differentials (\$1,693,200 GPR, \$90,200 FED, and \$2,458,600 PR annually); and (f) minor transfers within appropriations.

	Funding	Positions
GPR	\$29,399,500	0.00
FED	8,976,600	-3.00
PR	18,578,500	40.00
SEG	<u>17,400</u>	<u>0.00</u>
Total	\$56,972,000	37.00

2. DEBT SERVICE REESTIMATE

GPR	\$1,231,700
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Provide \$698,700 in 2007-08 and \$533,000 in 2008-09 to reflect anticipated changes in debt service costs associated with mental health facilities operated by DHFS (\$694,100 in 2007-08 and

\$530,300 in 2008-09) and the workshop for the blind (\$4,600 in 2007-08 and \$2,700 in 2008-09).

3. PROGRAM REVENUE FUNDING ADJUSTMENTS

PR	\$5,169,100
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Provide \$2,762,000 in 2007-08 and \$2,407,100 in 2008-09 to adjust funding for programs that are either wholly or partially supported by program revenues, including revenues transferred from other agencies and revenues transferred within DHFS. These adjustments reflect the administration's estimates of the amount of program revenue that will be available to support program costs in the 2007-09 biennium.

Major funding changes include: (a) increased funding transferred from other agencies and DHFS divisions that support information technology services provided by the Bureau of Information Technology Services (\$974,000 in 2007-08 and \$1,626,900 in 2008-09); (b) decreases in funding DHFS collects by recovering incorrect public assistance payments, which it uses to support fraud and error reduction activities (-\$1,200,000 annually); (c) increases in funding for aids distributed by the Division of Public Health from gifts, grants and bequests (\$1,691,100 in 2007-08 and \$580,000 in 2008-09); (d) increases in inter-agency and intra-agency funding transferred to Mendota Mental Health Institute (\$847,600 in 2007-08 and \$926,300 in 2008-09) and the Winnebago Mental Health Institute (\$327,100 in 2007-08 and \$333,300 in 2008-09); (e) decreases in inter-agency and intra-agency funding that supports local assistance distributed by the Division of Disability and Elder Services (-\$600,000 annually); (f) increases in estimated payments funded from recovery activities under the medical assistance program (\$687,900 annually); (g) decreases in estimated SeniorCare administrative costs funded from enrollment fees (-\$480,000 in 2007-08 and -\$420,800 in 2008-09); (h) decreases in funding for compilations of health data reports (-\$407,100 annually); and (i) increases in funding for the Division of Disability and Elder Services to conduct background checks (\$317,000 in 2007-08 and \$236,800 in 2008-09).

4. FEDERAL FUNDING ADJUSTMENTS

FED	\$60,700
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Provide \$1,350,300 in 2007-08 and reduce funding by \$1,289,600 in 2008-09 to adjust funding for selected programs that are either wholly or partially supported by federal revenue. These adjustments reflect the administration's estimates of the amount of federal revenues that will be available to support certain DHFS programs in the 2007-09 biennium.

This item includes increased funding to support: (a) project aids distributed by the Division of Public Health (DPH) (\$7,900,600 annually); (b) benefits under the women, infants, and children (WIC) supplemental food program (\$1,824,000 annually); (c) project aids distributed by the Division of Health Care Financing (DHCF) (\$800,000 annually); and (d) DHCF project operations (\$447,600 annually). Funding reductions include support for: (a) project aids distributed by the Division of Disability and Elder Services (DDES) (-\$8,100,000 in 2007-08 and -\$10,600,000 in 2008-09); (b) program aids distributed by the Division of Children and Family Services (DCFS) (-\$417,200 in 2007-08 and -\$633,500 in 2008-09); (c) DCFS project operations (-\$346,700 in 2007-08 and \$346,100 in 2008-09); (d) DPH staff costs funded from the

maternal and child health block grant (-\$334,900 annually); (e) local assistance administered by DDES (-\$344,900 in 2007-08 and -\$267,000 in 2008-09); and (f) aids funded from the community services block grant administered by DCFS (-\$129,800 annually).

5. EXTEND PROJECT POSITIONS

FED	\$538,700
PR	56,400
Total	\$595,100

Provide \$341,700 (\$313,500 FED and \$28,200 PR) in 2007-08 and \$253,400 (\$225,200 FED and \$28,200 PR) in 2008-09 to extend 4.95 positions (4.25 FED positions and 0.70 PR position) that are scheduled to terminate in the 2007-09 biennium.

These positions include: (a) 0.25 FED public health educator position, which provides consultation and direction for the emergency medical services for children public health program, that is scheduled to terminate in July, 2007, to May, 2010; (b) 1.0 FED human services program coordinator position, which serves as the director of the Wiser Choice Resource Center (a pilot project to improve access to recovery treatment services in Milwaukee County), that is scheduled to terminate in July, 2007, to November, 2008; (c) 1.0 FED agency liaison project position, which serves as the Milwaukee faith-based coordinator position, from July 1, 2007, to March 27, 2010; (d) 1.0 FED agency liaison project position, which serves as a liaison to the Governor's Office, that is scheduled to terminate in July 2007, to February 28, 2008; (e) 1.0 FED human services program coordinator position, which works on child welfare issues, that is scheduled to terminate in July, 2007, to June 2009; and (f) 0.7 PR position, which is part of a quality management team that oversees quality management issues at each of the institutions, which is scheduled to terminate in July, 2007, to March, 2010.

6. ADMINISTRATIVE TRANSFERS

	Funding	Positions
GPR	\$0	1.66
FED	752,000	5.00
PR	-705,600	-6.66
Total	\$46,400	0.00

Provide \$37,300 (\$376,000 FED and -\$338,700 PR) in 2007-08 and \$9,100 (\$376,000 FED and -\$366,900 PR) in 2008-09 and convert 6.23 PR positions to 1.23 GPR positions and 5.00 FED positions in 2007-08 and 6.66 PR positions to 1.66 GPR positions and 5.00 FED positions in 2008-09 to reflect positions transfers in the 2005-07 biennium and to correct funding and position errors in 2005 Act 25.

7. STATE CONTROLLER'S OFFICE CHARGES

FED	\$58,400
PR	-110,600
Total	-\$52,200

Reduce funding by \$26,100 (\$29,200 FED and -\$55,300 PR) annually to reflect of reestimates of the amount of funding several program revenue and federal appropriations will be charged to process WISMART transactions through the state controller's office.

8. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL

Reassign the executive salary group (ESG) classification of the Secretary of the Department of Health and Family Services from ESG 9 to ESG 8. 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 annual salary range for ESG 9 is from \$108,875 to \$168,756 for the 2007-08 fiscal year. The range for ESG 8 is from \$100,809 to \$156,253. The act's provisions would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

[Act 20 Sections: 625 and 626]

9. LAPSE INCOME AUGMENTATION RECEIPTS

GPR-Lapse	\$37,271,000
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Provide that, if, after supporting certain statutory commitments, there remains \$22,271,000 or more in 2007-08 or \$15,000,000 or more in 2008-09 in the income augmentation appropriation accounts budgeted in DHFS and the Department of Children and Families, the DHFS Secretary (in 2007-08) and the Department of Administration (DOA) Secretary (in 2008-09), respectively, is required to lapse \$22,271,000 in 2007-08 and \$15,000,000 in 2008-09 to the general fund. Provide that, if after supporting these commitments, there remains less than these amounts in the income augmentation appropriations, the DHFS and DOA Secretaries are required to lapse to the general fund, from the income augmentation appropriations, those remaining moneys.

Income augmentation funds are unanticipated federal funds DHFS receives under Title IV-E (foster care), Title XIX (medical assistance, or MA), and Title XVIII (Medicare) of the federal Social Security Act as reimbursement for costs that were initially paid with state or local revenue, or revenue from one of these sources that would not otherwise have been available had it not been for activities conducted to augment federal income. Annually, DOA submits a plan for the use of uncommitted income augmentation funds to the Joint Committee on Finance for its review and approval.

[Act 20 Section: 9221(2q)]

Medical Assistance – General

1. OVERVIEW OF MEDICAL ASSISTANCE AND BADGERCARE BENEFITS

Prior to the enactment of Act 20, funding to support services to medical assistance (MA) recipients and BadgerCare recipients were budgeted in separate GPR- and FED- supported

appropriations. As part of the BadgerCare Plus initiative enacted in Act 20 (which combines the Family MA program with the BadgerCare program), the BadgerCare GPR and FED appropriations are repealed. Consequently, beginning in 2007-08, funding to support services under MA and BadgerCare Plus are combined and provided from the same appropriations.

In the 2007-09 biennium, MA and BadgerCare benefits, which are payments DHFS makes to health care providers as reimbursement for serving MA and BadgerCare recipients, are supported from several sources. First, general purpose revenue (GPR) provides the primary source of state funding for the program.

Second, the state's share of benefits costs are supported from revenue deposited to the MA trust fund, a segregated, nonlapsable fund into which several types of revenue are deposited, including: (a) all revenue the state collects from monthly assessments on licensed beds in nursing homes and intermediate care facilities for the mentally retarded (ICFs-MR); (b) federal MA matching funds the state claims for nursing home services provided to MA recipients under a certified public expenditure program; (c) federal MA matching funds the state claims for HealthCheck services provided by residential care centers; and (d) federal MA matching funds the state claims for services provided by University of Wisconsin (UW) physicians and the UW Hospital under an intergovernmental transfer (IGT) program.

In addition, Act 20 transfers: (a) \$71.5 million in 2007-08 and \$128.5 million in 2008-09 from the injured patients and families compensation fund (IPFCF) to the MA trust fund; and (b) \$50 million annually, beginning in 2007-08, from the permanent endowment fund to the MA trust fund.

Third, the state's share of benefits costs are supported from several program revenue (PR) sources, including: (a) revenue the state receives under an IGT program that supports Milwaukee County's general assistance medical program (GAMP); (b) moneys the state receives under the estate recovery program and other collections; (c) premiums paid by some recipients and employer penalty assessments; (d) revenue DHFS collects from hospital assessments; and (e) county contributions that support services under the Family Care program.

Finally, MA benefits are supported with federal matching funds the state receives under Title XIX (MA) and Title XXI (the state children's health insurance program, commonly referred to as SCHIP) of the federal Social Security Act. Federal Title XIX (MA) funds are provided, without limit, to support approximately 58% of the costs of most MA-eligible services provided to MA recipients. Federal Title XXI (SCHIP) funds are provided through sum certain annual state allocations, which the state may use as matching funds to support approximately 70% of BadgerCare-eligible service costs.

Table 1 identifies MA and BadgerCare benefits funding, by source, for each year of the 2007-09 biennium under Act 20.

TABLE 1
MA and BadgerCare Benefits Funding, By Source
Act 20

Source	2006-07	2007-08		2008-09	
	Base	Total	Change from Base	Total	Change from Base
GPR	\$1,803,719,100	\$1,682,533,200	-\$121,185,900	\$1,674,731,900	-\$128,987,200
SEG	<u>110,338,200</u>	<u>237,948,300</u>	<u>127,610,100</u>	<u>284,138,200</u>	<u>173,800,000</u>
Total	\$1,914,057,300	\$1,920,481,500	\$6,424,200	\$1,958,870,100	\$44,812,800
PR	\$32,183,600	\$47,960,400	\$15,776,800	\$82,906,000	\$50,722,400
FED	<u>2,770,545,600</u>	<u>2,851,453,800</u>	<u>80,908,200</u>	<u>3,072,405,800</u>	<u>301,860,200</u>
Total	\$4,716,786,500	\$4,819,895,700	\$103,109,200	\$5,114,181,900	\$397,395,400

Table 2 provides estimates of revenues, expenditures and balances of the MA trust fund from fiscal years 2006-07 through 2008-09.

TABLE 2
MA Trust Fund Condition Statement
Fiscal Years 2006-07 through 2008-09

	Actual <u>2006-07</u>	Estimate <u>2007-08</u>	Estimate <u>2008-09</u>
Beginning Balance	-\$25,745,400	\$2,405,500	\$2,263,100
Projected Revenue			
Nursing Home Certified Public Expenditure Program	\$89,980,800	\$40,000,000	\$37,000,000
Nursing Home Bed Assessment	27,759,000	33,715,400	32,557,800
ICF-MR Bed Assessment	0	8,590,500	8,631,300
HealthCheck Services provided by Residential Care Centers	12,440,600	12,000,000	12,000,000
2005 Act 211 Transfer	25,383,900	0	0
UW Physician IGT Program	0	7,000,000	0
UW Hospital Intergovernmental Transfer Program	0	15,000,000	15,000,000
Transfer from Permanent Endowment Fund	0	50,000,000	50,000,000
Transfer from Injured Patients and Families Compensation Fund	0	71,500,000	128,500,000
Interest Earnings/Expenses	<u>-160,200</u>	<u>0</u>	<u>0</u>
Total Revenue	\$155,404,100	\$240,211,400	\$283,689,100
Expenditure Authority	\$127,253,200	\$237,948,300	\$284,138,200
Ending Balance	\$2,405,500	\$2,263,100	\$1,814,000

Table 3 lists all of the items in Act 20 that affected funding for MA and BadgerCare benefits costs. This information is shown by year and fund source.

TABLE 3

Medical Assistance and BadgerCare Benefits Funding

	2007-08					2008-09				
	GPR	FED	PR	SEG	Total	GPR	FED	PR	SEG	Total
Base Funding										
Medical Assistance	\$1,725,588,100	\$2,639,684,500	\$24,932,700	\$110,338,200	\$4,500,543,500	\$1,725,588,100	\$2,639,684,500	\$24,932,700	\$110,338,200	\$4,500,543,500
BadgerCare	<u>78,131,000</u>	<u>130,861,100</u>	<u>7,250,900</u>	<u>0</u>	<u>216,243,000</u>	<u>78,131,000</u>	<u>130,861,100</u>	<u>7,250,900</u>	<u>0</u>	<u>216,243,000</u>
Subtotal	\$1,803,719,100	\$2,770,545,600	\$32,183,600	\$110,338,200	\$4,716,786,500	\$1,803,719,100	\$2,770,545,600	\$32,183,600	\$110,338,200	\$4,716,786,500
Cost-To Continue										
MA Base Reestimate	\$35,579,600	\$52,588,900	\$0	-\$24,641,900	\$63,526,600	\$81,436,200	\$252,560,700	\$0	-\$35,878,700	\$298,118,200
BadgerCare Base Reestimate	<u>731,400</u>	<u>15,629,700</u>	<u>384,900</u>	<u>0</u>	<u>16,746,000</u>	<u>10,699,200</u>	<u>33,455,300</u>	<u>855,900</u>	<u>0</u>	<u>45,010,400</u>
Subtotal	\$36,311,000	\$68,218,600	\$384,900	-\$24,641,900	\$80,272,600	\$92,135,400	\$286,016,000	\$855,900	-\$35,878,700	\$343,128,600
Replace GPR Base Funding with SEG Funds										
Injured Patients and Families										
Compensation Fund	-\$71,500,000	\$0	\$0	\$71,500,000	\$0	-\$128,500,000	\$0	\$0	\$128,500,000	\$0
Permanent Endowment Fund	-\$50,000,000	0	0	50,000,000	0	-50,000,000	0	0	50,000,000	0
Create an IGT Program for										
UW Physician Services	<u>-15,000,000</u>	<u>20,000,000</u>	<u>0</u>	<u>15,000,000</u>	<u>20,000,000</u>	<u>-15,000,000</u>	<u>20,000,000</u>	<u>0</u>	<u>15,000,000</u>	<u>20,000,000</u>
Subtotal	-\$136,500,000	\$20,000,000	\$0	\$136,500,000	\$20,000,000	-\$193,500,000	\$20,000,000	\$0	\$193,500,000	\$20,000,000
Program Changes to Reduce Costs										
MA Benefits Funding Reduction	\$0	\$0	\$0	\$0	\$0	-\$25,000,000	-\$35,886,500	\$0	\$0	-\$60,886,500
Pharmacy Benefits Manager	-2,684,800	-3,768,500	0	0	-6,453,300	-4,881,500	-7,030,800	0	0	-11,912,300
Automated Home Health Provider Monitoring System	-1,920,300	-2,606,500	0	0	-4,526,800	-3,788,000	-5,265,500	0	0	-9,053,500
Claim Common Carrier Transportation as an MA Service	<u>-2,002,900</u>	<u>2,002,900</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-2,370,500</u>	<u>2,370,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	-\$6,608,000	-\$4,372,100	\$0	\$0	-\$10,980,100	-\$36,040,000	-\$45,812,300	\$0	\$0	-\$81,852,300
Program Expansions										
BadgerCare Plus and Related Initiatives										
Family Care Expansion	700,700	951,200	10,415,200	0	12,067,100	5,031,800	6,994,600	29,480,100	0	41,506,500
Extend MA/BC Coverage Following the Death of a Child	<u>34,500</u>	<u>63,000</u>	<u>4,100</u>	<u>0</u>	<u>101,600</u>	<u>36,900</u>	<u>68,400</u>	<u>3,300</u>	<u>0</u>	<u>108,600</u>
Subtotal	-\$1,580,000	-\$1,854,000	\$14,704,000	\$0	\$11,270,000	\$8,294,500	\$15,738,700	\$49,158,800	\$0	\$73,192,000

TABLE 3 (continued)

Medical Assistance and BadgerCare Benefits Funding

	2007-08					2008-09				
	GPR	FED	PR	SEG	Total	GPR	FED	PR	SEG	Total
Provider Payments and Services										
Non-Institutional Provider										
Rate Increase	\$0	\$0	\$0	\$0	\$0	\$7,109,200	\$10,502,200	\$0	\$0	\$17,611,400
Nursing Home Rate Increase and Treatment of Bed Assessment	-13,800,000	0	0	13,800,000	0	2,468,800	22,517,200	0	13,800,000	38,786,000
Nursing Home Payment Methodology – Rock County Labor Region	330,000	447,900	0	0	777,900	330,000	456,700	0	0	786,700
Subtotal	-\$13,470,000	\$447,900	\$0	\$13,800,000	\$777,900	\$9,908,000	\$33,476,100	\$0	\$13,800,000	\$57,184,100
Administrative and System Changes										
ICF-MR Bed Assessment	-\$411,800	\$2,090,600	\$0	\$1,952,000	\$3,630,800	\$54,400	\$3,367,000	\$0	\$2,378,700	\$5,800,100
Provider Audits	-429,900	-583,600	0	0	-1,013,500	-565,400	-786,000	0	0	-1,351,400
Fund Certain Medicare Part B Services with GPR	927,700	-927,700	0	0	0	1,855,400	-1,855,400	0	0	0
Medicare-Medical Assistance Fraud Detection	0	0	0	0	0	-119,700	-160,500	19,800	0	-260,400
Medicaid Third Party Liability	0	0	0	0	0	-222,500	-310,800	0	0	-533,300
MA False Claims Recoveries	-580,900	580,900	0	0	0	-1,346,000	902,700	0	0	-443,300
Medicaid Asset Transfers	-1,116,900	-1,508,100	0	0	-2,625,000	-2,349,100	-3,151,000	0	0	-5,500,100
Eligibility Determinations	-877,100	-1,184,300	0	0	-2,061,400	-4,148,200	-5,564,300	0	0	-9,712,500
Program Revenue Reestimates	0	0	687,900	0	687,900	0	0	687,900	0	687,900
Subtotal	-\$2,488,900	-\$1,532,200	\$687,900	\$1,952,000	-\$1,381,200	-\$6,841,100	-\$7,558,300	\$707,700	\$2,378,700	-\$11,313,000
Chapter 20 Error*	\$3,150,000	\$0	\$0	\$0	\$3,150,000	-\$2,944,000	\$0	\$0	\$0	-\$2,944,000
Total MA and BadgerCare Benefits Funding	\$1,682,533,200	\$2,851,453,800	\$47,960,400	\$237,948,300	\$4,819,895,700	\$1,674,731,900	\$3,072,405,800	\$82,906,000	\$284,138,200	\$5,114,181,900
Total Change to Base	-\$121,185,900	\$80,908,200	\$15,776,800	\$127,610,100	\$103,109,200	-\$128,987,200	\$301,860,200	\$50,722,400	\$173,800,000	\$397,395,400

*The DHFS appropriation that funds MA payments to counties under the Wisconsin Medicaid cost reporting (WMCR) program, which is not included in the funding amounts shown in this table, has offsetting errors by these amounts so that the total, including the WMCR payment amounts, are correct.

2. MEDICAL ASSISTANCE BASE REESTIMATE

GPR	\$114,595,000
FED	305,149,600
SEG	- 60,520,600
Total	\$359,224,000

Provide \$62,942,800 (\$34,995,800 GPR, \$52,588,900 FED, and -\$24,641,900 SEG) in 2007-08 and \$296,281,200 (\$79,599,200 GPR, \$252,560,700 FED, and -\$35,878,700 SEG) in 2008-09 to reflect reestimates of the amount of funding needed to support MA in the 2007-09 biennium, based on current law.

Average Monthly Enrollment. The following table identifies, by major eligibility group, the actual average monthly enrollment in 2005-06, and the projected enrollment for 2006-07, 2007-08, and 2008-09.

**Actual and Projected MA Enrollment, by Major Eligibility Group
Fiscal Years 2005-06 through 2008-09**

	2005-06	2006-07	2007-08	2008-09	<u>% Change from Previous Year</u>		
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Elderly	36,600	34,800	33,600	32,200	-4.9%	-3.4%	-4.2%
Blind and Disabled	108,100	107,300	106,700	106,100	-0.7	-0.6	-0.6
Family Care	12,200	13,200	13,800	14,400	8.2	4.5	4.3
Community Waiver	23,500	23,500	24,100	24,400	0.0	2.6	1.2
Family MA	425,700	425,700	421,000	429,400	0.0	-1.1	2.0
Limited Benefit*	<u>62,500</u>	<u>64,100</u>	<u>67,100</u>	<u>72,700</u>	2.6	4.7	8.3
Total	668,600	668,600	666,300	679,200	0.0%	-0.3%	1.9%

*Includes individuals enrolled in the family planning waiver program, women who qualify for certain services following screenings they received under the well woman program or the family planning waiver program, and certain Medicare beneficiaries.

Rate Increases for Managed Care Providers. Although this item does not include rate increases for fee-for-service providers, it includes funding to support increases in capitation rates for managed care organizations to reflect changes in average service costs so that the estimated managed care discount rate would be maintained at current levels. The following table identifies, for each MA managed care program, the percentage increase in the capitation rate that would be budgeted under this item, and the (all funds) increase in total funding from the previous year that would be budgeted to support increases in capitation payments.

Managed Care Capitation Payments -- Funding for Increases

Program	2007-08		2008-09	
	Percent Increase	Amount (All Funds)	Percent Increase	Amount (All Funds)
AFDC/Health Start HMOs	3.4%	\$18,449,900	3.4%	\$17,112,700
Independent Care (I-Care) Program	5.0	7,857,600	5.0	14,315,400
SSI Managed Care	5.0	19,724,600	5.0	36,800,000
Wraparound Milwaukee and Children Come First Program for All-Inclusive Care for the Elderly (PACE)/Wisconsin Partnership Program	4.0	2,685,600	4.0	9,020,700
Family Care CMOs	3.0	4,275,300	3.0	13,682,800

Federal Medical Assistance Percentage. The funding provided under this item is based on the assumption that the federal medical assistance percentage (FMAP, which is the percentage of MA-eligible service costs that are supported by federal matching funds) will be 58.55% in state fiscal year 2007-08 and 58.94% in state fiscal year 2008-09.

3. BADGERCARE BASE REESTIMATE

GPR	\$11,430,600
FED	49,085,000
PR	1,240,800
Total	\$61,756,400

Provide \$16,746,000 (\$731,400 GPR, \$15,629,700 FED, and \$384,900 PR) in 2007-08 and \$45,010,400 (\$10,699,200 GPR, \$33,455,300 FED, and \$855,900 PR) in 2008-09 to reflect estimates of the amount of funding needed to support BadgerCare in the 2007-09 biennium, based on current law. The proposal to expand BadgerCare ("BadgerCare Plus") is summarized as a separate item.

It is estimated that the average costs of providing services to children and adults who are not enrolled in health maintenance organizations (HMOs) will increase by 3.9% and 5.0%, respectively, in both 2007-08 and 2008-09. In addition, this item includes funding to support a 4.5% annual increase in capitation payments to HMOs in each year of the biennium.

The following table identifies actual and projected BadgerCare enrollment under this item.

Actual and Projected Average Monthly Enrollment, by Eligibility Group Fiscal Years 2005-06 through 2008-09

	2005-06	Estimate			Percent Change		
	Actual	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
Adults	64,500	66,700	72,100	76,500	3.4%	8.1%	6.1%
Children	29,600	29,700	31,800	33,800	0.3	7.1	6.3
Total	94,100	96,400	103,900	110,300	2.4%	7.8%	6.2%

4. SENIORCARE BASE REESTIMATE

GPR	\$8,368,000
FED	10,516,000
PR	<u>58,566,300</u>
Total	\$77,450,300

Provide \$20,989,900 (-\$1,016,400 GPR, -\$572,400 FED, and \$22,578,700 PR) in 2007-08 and \$56,460,400 (\$9,384,400 GPR, \$11,088,400 FED, and \$35,987,600 PR) in 2008-09 to reflect estimates of the amount of funding needed to support SeniorCare in the 2007-09 biennium, based on current law.

It is projected that SeniorCare enrollment will average approximately 105,100 in 2007-08 and approximately 107,100 in 2008-09. The following table shows actual and projected average weekly enrollment for 2005-06 through 2008-09.

**Actual and Projected Average Monthly Enrollment, by Eligibility Group
Fiscal Years 2005-06 through 2008-09**

Adult Groups, By Benefit Level, [Based on the Federal Poverty Level (FPL)]	2005-06 Actual	2006-07 Estimate	2007-08 Estimate	2008-09 Estimate	2006-07 Percent Change	2007-08 Percent Change	2008-09 Percent Change
0 to 160% of FPL	51,600	53,800	48,700	49,700	4.3%	-9.5%	2.1%
160% to 200% of FPL	22,200	25,700	24,700	25,100	15.8	-3.9	1.6
200% to 240% of FPL	12,900	16,100	15,000	15,300	24.8	-6.8	2.0
>240% of FPL	<u>6,400</u>	<u>16,200</u>	<u>16,700</u>	<u>17,000</u>	153.1	3.1	1.8
Total	93,100	111,800	105,100	107,100	20.1%	-6.0%	1.9%

Average Cost and Utilization Projections. It is estimated that the average cost per prescription will increase from \$44.88 in 2005-06 to \$47.83 in 2006-07, \$51.36 in 2007-08, and \$55.15 in 2008-09. Further, it is estimated that the average number of prescriptions per enrollee per week will decrease from the actual average of .95 in 2005-06, to .82 in 2006-07, and increase to .86 in 2007-08, and .90 in 2008-09.

5. MA BASE FUNDING CHANGE -- INJURED PATIENTS AND FAMILIES COMPENSATION FUND

GPR	-\$200,000,000
SEG	<u>200,000,000</u>
Total	\$0

Increase funding for MA and BadgerCare benefits by \$71,500,000 SEG in 2007-08 and by \$128,500,000 SEG in 2008-09 from the MA trust fund and reduce GPR funding by corresponding amounts. The additional funding would be available due to a provision that would transfer these amounts from the injured patients and families compensation fund to the MA trust fund. Provisions relating to the transfer are summarized under "Insurance."

6. MA BASE FUNDING CHANGE -- PERMANENT ENDOWMENT FUND

GPR	-\$100,000,000
SEG	<u>100,000,000</u>
Total	\$0

Increase funding for MA and BadgerCare benefits by \$50,000,000 SEG annually from the MA trust fund and reduce GPR funding by a corresponding amount. The additional funding would be available due to a provision that would transfer \$50,000,000

annually from the permanent endowment fund to the MA trust fund. Provisions relating to the transfer are summarized under "Permanent Endowment Fund and Tobacco Financing."

The permanent endowment fund consists of all the proceeds from the sale of the state's right to receive payments under a tobacco settlement agreement, and investment earnings on the proceeds.

7. MA BASE FUNDING CHANGE -- CREATE AN IGT PROGRAM FOR UW PHYSICIAN SERVICES

SEG-REV	\$30,000,000
GPR	-\$30,000,000
SEG	30,000,000
FED	40,000,000
Total	\$40,000,000

Reduce GPR funding for MA benefits by \$15,000,000 and increase SEG funding from the MA trust fund by a corresponding amount annually to reflect the net fiscal effect of creating an intergovernmental transfer (IGT) program for services UW physicians provide to MA recipients. Increase MA benefits funding by \$20,000,000 FED annually to reflect the intergovernmental transfer funding for services provided by UW physicians to MA recipients.

Direct the University of Wisconsin System to transfer \$15,000,000 in 2006-07, 2008-09, 2009-10, and 2010-11 from its PR appropriation for general operations receipts to the MA trust fund. This funding will be used to support supplemental rate increases to UW physicians for rendering services to MA recipients.

[Act 20 Section: 254, 697d, and 697m]

8. MA BENEFITS FUNDING REDUCTION

GPR	-\$25,000,000
FED	- 35,886,500
Total	-\$60,886,500

Reduce MA and BadgerCare benefits funding by \$60,886,500 (-\$25,000,000 GPR and -\$35,886,500 FED) in 2008-09 to reflect savings DHFS would be expected to achieve in 2008-09. These savings could potentially be realized by modifying the provision of pharmacy services that are currently provided through managed care contracts.

9. BADGERCARE PLUS AND RELATED INITIATIVES

GPR	\$0
FED	4,968,100
PR	26,622,400
Total	\$31,590,500

Provide \$127,400 (-\$2,121,300 GPR, -\$2,512,100 FED, and \$4,760,800 PR) in 2007-08 and \$31,463,100 (\$2,121,300 GPR, \$7,480,200 FED, and \$21,861,600 PR) in 2008-09 to reflect the net effect of: (a) implementing a new program, BadgerCare Plus, which would merge the current "family" MA program and the BadgerCare programs, and provide health care coverage for populations not currently covered under MA or BadgerCare; and (b) fund several related initiatives.

Statutory Provisions

Federal Waiver. The act requires DHFS to request a waiver from, and submit amendments to the state MA plan, to the Secretary of the U.S. Department of Health and Human Services (DHHS) to implement BadgerCare Plus. If the state plan amendments are approved and a waiver that is substantially consistent with the provisions in the act relating to BadgerCare Plus is granted and in effect, DHFS would be required to implement BadgerCare Plus, beginning on January 1, 2008, the effective date of the state plan amendments, or the effective date of the waiver, whichever is latest.

If the state plan amendments are not approved or if a waiver that is substantially consistent with all of the provisions in the act relating to BadgerCare Plus is not granted, BadgerCare Plus could not be implemented. If the state plan amendments are approved but approval is not continued or if a waiver that is substantially consistent with all the provisions of the act is granted but not continued in effect, BadgerCare Plus would be discontinued.

Eligibility

BadgerCare Plus replaces the entire current BadgerCare program and part of the MA program. Consequently, individuals who satisfy eligibility criteria under both BadgerCare Plus and BadgerCare will receive benefits under BadgerCare Plus. Individuals who satisfy criteria under both BadgerCare Plus and MA will receive benefits under one of the two programs, depending on the basis of their eligibility for MA. Individuals enrolled in BadgerCare Plus will receive benefits under two different plans -- full MA benefits or benefits provided under a benchmark plan -- depending on the basis of the recipient's eligibility.

Eligibility for Full MA Benefits ("Standard Plan"). Individuals eligible for full MA benefits (the standard plan) include: (a) a pregnant woman whose family income does not exceed 200% of the FPL; (b) a child under one year of age whose mother, on the day on which the child was born, was eligible for and receiving benefits under MA or BadgerCare Plus under the standard MA plan; (c) a child whose family income does not exceed 200% of the FPL; (d) an individual whose family income does not exceed 200% of the FPL and who is the parent or caretaker relative of a child who is, generally, living in the home of the parent or caretaker relative; (e) certain migrant workers and their dependents; and (f) an individual between 19 and 21 years of age who was in foster care on his or her 18th birthday.

Eligibility for the Benchmark Plan. Individuals eligible for the benchmark plan include: (a) a pregnant woman whose family income is between 200% and 300% of the FPL; (b) a child under one year of age whose mother, on the day on which the child was born, was eligible for and receiving BadgerCare Plus benefits under the benchmark plan; (c) any child whose family income is between 200% and 300% of the FPL; and (d) an individual whose family income is between 200% and 300% of the FPL, who is the parent or caretaker relative of a child who is, generally, living in the home of the parent or caretaker relative. Finally, any child whose family income exceeds 300% of the FPL may purchase coverage under the benchmark plan at the full per member per month cost of the coverage.

Eligibility for Unborn Children. For BadgerCare Plus eligibility purposes, a child is defined to include an unborn child whose mother is not eligible for MA or BadgerCare Plus, but satisfies all other eligibility criteria, except that she is not a U.S. citizen or qualifying alien or is an inmate of a public institution. If the mother's family income does not exceed 200% of the FPL, the unborn child will be eligible for BadgerCare Plus, limited to prenatal care, under the standard MA plan. However, if the mother's family income is between 200% and 300% of the FPL, the unborn child would be eligible for BadgerCare Plus benefits, limited to prenatal care, under the benchmark plan.

Other eligibility provisions will apply. First, regardless of any increase in income, a pregnant woman who is eligible for regular MA benefits will remain eligible for those benefits until the last day of the month in which the 60th day after the last day of the pregnancy falls. Second, a child who is receiving inpatient services under the standard MA plan on the day before his or her 19th birthday would remain eligible for those services until the end of the stay for which the services were being provided. A pregnant woman, a child, or a parent or caretaker relative whose family income is less than 150% of the FPL would be eligible for benefits for any of the three months before he or she applied for coverage if he or she was otherwise eligible and his or her family income was less than 150% of the FPL. In addition, if an application shows that an individual is an essential person, the individual would be provided full MA benefits or the benchmark plan. The MA extensions under Chapter 49 relating to AFDC-related MA recipients who lose eligibility due to increased income would not apply to BadgerCare Plus. The MA eligibility provisions for migrant workers and their dependents under Chapter 49 would not apply to BadgerCare Plus.

Nonapplicability of Other Statutes. Notwithstanding other statutory sections that specify MA eligibility requirements for MA and BadgerCare, if the amendments to the state plan for BadgerCare Plus are approved and a waiver that is substantially consistent with all the provisions of the BadgerCare Plus provisions is granted and in effect, an individual described as eligible for BadgerCare Plus would not be eligible for other MA or BadgerCare health program benefits.

Ineligibility for BadgerCare Plus -- Essential Persons and SSI Recipients. Individuals who are eligible for MA under categorically needy criteria as "essential persons," and individuals who qualify for MA because they receive supplemental security income (SSI) benefits would be ineligible for BadgerCare Plus. These individuals would continue to be eligible for full MA benefits.

Continued Eligibility for Current MA and BadgerCare Recipients. The act provides that if an individual over 18 years of age who is eligible for and receiving MA or BadgerCare benefits in the month before BadgerCare Plus is implemented loses that eligibility solely due to the implementation of BadgerCare Plus and, because of his or her income, is not eligible for BadgerCare Plus, the individual would continue to receive, for 18 consecutive months the MA benefits he or she was receiving before the implementation of BadgerCare Plus if all the following are satisfied: (a) the individual's eligibility for MA benefits in the month before the implementation of BadgerCare Plus was based on an application filed before the implementation of BadgerCare Plus; (b) the individual continues to pay any premium that he or she was required to pay for the MA coverage in the same amount as the amount that was due in

the month before the implementation of BadgerCare Plus; (c) the individual continues to meet all nonfinancial eligibility requirements for the coverage that he or she had in the month before the implementation of BadgerCare Plus; and (d) the individual continues to be ineligible for BadgerCare Plus because of his or her income. If at any time during the individual's 18-month eligibility extension as described above, any of the criteria described are not satisfied, the extended coverage would be terminated and any time remaining in the eligibility period would be lost.

Presumptive Eligibility. The act defines a "qualified entity" as an entity that satisfies requirements specified in federal law, as determined by DHFS and a "qualified provider" as a provider that satisfies the requirements under federal law, as determined by DHFS.

The act provides that, except for a pregnant woman who is determined to be retroactively eligible for BadgerCare Plus (as described later), a pregnant woman would be eligible only for ambulatory and prenatal care benefits during the period beginning on the day on which a qualified provider determines, on the basis of preliminary information, that the woman's family income does not exceed 300% of the FPL and ending on the day on which DHFS or the county department determines whether the woman is eligible for the benefits.

The act provides that, except for a child who is not an unborn child who is determined to be retroactively eligible for BadgerCare Plus (as described later), a child who is not an unborn child is eligible for full MA benefits during the period beginning on the day on which a qualified entity determines, on the basis of preliminary information, that the child's family income does not exceed 150 % of the FPL and ending of the applicable day.

In addition, if the woman or child applies for benefits under general BadgerCare Plus eligibility requirements within the time required, the benefits they receive under the presumptive eligibility provisions would end on the day on which DHFS or the county department determines whether the woman or child is eligible for benefits under general eligibility criteria. If the woman or child does not apply for benefits under general eligibility criteria within the time required, the presumptive eligibility benefits, as specified previously, would end on the last day of the month following the month in which the provider or entity makes the determination.

DHFS would be required to audit and pay allowable charges to a certified provider only for ambulatory prenatal care services under the benefits under the benchmark plan, on behalf of women who are determined to be presumptively eligible for these benefits.

A woman or child who is determined eligible for presumptive eligibility benefits would be required to apply for benefits under general eligibility criteria on or before the last day of the month following the month in which the qualified provider or entity makes the eligibility determination.

A qualified provider or entity that determines that a woman or child is eligible under presumptive eligibility will be required to: (a) notify DHFS within five working days after the day on which the determination is made; and (b) notify the woman or child of the requirement to apply at the time of determination. DHFS will be required to provide qualified providers and qualified entities with application forms for BadgerCare Plus and information on how to assist women and children in completing the forms.

Income Verification and Calculation of Family Income. The act requires, as a condition of eligibility for coverage under BadgerCare Plus, an individual with income to provide verification, as determined by DHFS, of that income. This requirement will not apply to an individual who, regardless of family income, was born on or after January 1, 1990, and who, on his or her 18th birthday, was in a foster care or treatment foster care placement under the responsibility of the state, as determined by DHFS, or a child under the age of 18.

The act requires a recipient, within 10 days after a change occurs, to report to DHFS any change that might affect the recipient's eligibility, or any change that might require premium payment by a recipient who was not required to pay premiums before the change. The act requires, for purposes of determining eligibility and family income, DHFS to include a family member who is temporarily absent from the home for not more than six months, as determined by DHFS.

Application of MA-Related Provisions. The following provisions would apply to BadgerCare Plus in the same respect as they apply regarding categorically needy MA: (a) provisions relating to benefits for individuals who are eligible for Medicare Part A, Medicare Part B, and payment of premiums; (b) provisions relating to prohibiting payments for any part of any service payable through third-party liability or any governmental or private benefit system; (c) provisions relating to prohibiting payment for services to residents of institutions for mental diseases; and (d) provisions that prohibit payment for gastric bypass or stapling surgery.

Coverage of Medicare Part D Drugs. For an individual who is eligible for BadgerCare Plus and who is eligible for coverage under Medicare Part D, benefits under the benchmark plan or the regular MA plan will not include payment for any Part D drug, as defined in federal law, regardless of whether the individual is enrolled in Part D of Medicare or whether, if the individual is enrolled, his or her Part D plan, as defined in federal law, covers the Part D drug.

Special Income Provisions. The act requires DHFS, in calculating family income, if an adult member of the family has self-employment income, to count the net self-employment earnings. Net self-employment earnings will be determined by subtracting from gross self-employment income all self-employment expenses that are allowed under federal and state tax law, except for depreciation.

If a parent's or caretaker relative's family income includes self-employment income and, without deducting depreciation, does not exceed 200% of the FPL, the parent or caretaker relative would be eligible under a specific area under general eligibility. If a parent's or caretaker relative's family income includes self-employment income and, without deducting

depreciation, exceeds 200% of the FPL, the parent or caretaker relative would be eligible under a specific area under general eligibility.

Spend-Down. The act provides that a pregnant woman, or an unborn child, whose family income exceeds 300% of the FPL, may become eligible for BadgerCare Plus coverage if the difference between the pregnant woman's or unborn child's family income and the applicable income limit under general eligibility is obligated or expended for any member of the pregnant woman's or unborn child's family for medical care or any other type of remedial care recognized under state law or for personal health insurance premiums or for both. Eligibility obtained under this provision would continue without regard to any change in family income for the balance of the pregnancy and, for a pregnant woman but not for an unborn child, to the last day of the month in which the 60th day after the last day of the woman's pregnancy falls. That eligibility would extend to all children in the pregnant woman's family.

In addition, the act specifies that a child who is not an unborn child and whose family income exceeds 150% of the FPL could obtain BadgerCare Plus eligibility if the difference between the child's family income and 150% of the FPL is obligated or expended on behalf of the child or any member of the child's family for medical care or any other type of remedial care recognized under state law or for personal health insurance premiums or for both. The act specifies that eligibility obtained under this provision during any six-month period, as determined by DHFS, continues for the remainder of the six-month period and extends to all children in the family.

For a pregnant woman or an unborn child to obtain eligibility through the spend-down provision, the amount that must be obligated or expended in any six-month period would be equal to the sum of the differences in each of those six months between the pregnant woman's or unborn child's monthly family income and the monthly family income that is 300% of the FPL. For a child to obtain eligibility through the spend-down provision, the amount that must be obligated or expended in any six-month period would be equal to the sum of the differences in each of those six months between the child's monthly family income and the monthly family income that is 150% of the FPL.

Calculation of Family Income. The act requires DHFS, when calculating an individual's family income, to do all of the following: (a) deduct from family income any payments made by the individual for court-ordered child or family support or maintenance; (b) disregard earnings of children under 18 years of age; (c) determine separately the family incomes of caretaker relatives and the children for whom they are caring and not legally responsible; and (d) not include in the calculation any income of an individual who receives SSI benefits.

Health Insurance Coverage and Eligibility

Required Enrollment in Group Health Plans. The act requires that any individual who is otherwise eligible for BadgerCare Plus and who is eligible for enrollment in a group health plan, as a condition of eligibility for BadgerCare Plus and if DHFS determines that it is cost-effective to do so, apply for enrollment in the group health plan, except that, for a minor, the parent of the minor must apply on the minor's behalf. If a parent of a minor fails to enroll the

minor in a group health plan, the failure would not affect the minor's eligibility for BadgerCare Plus.

Ineligible Individuals. With specified exceptions, an individual whose family income exceeds 150% of the FPL would not be eligible for BadgerCare Plus if any of the following applies: (a) the individual has individual or family health insurance coverage that is either coverage provided by an employer and for which the employer pays at least 80% of the premium or coverage under the state employee health plan; (b) the individual, in the 12 months before applying, had access to the health insurance coverage as described under (a); or (c) the individual could be covered under the health insurance coverage under (a) if the coverage is applied for, and the coverage could become available to the individual in the month in which the individual applies for benefits or in any of the next three calendar months.

An unborn child, regardless of family income, would not be eligible for BadgerCare Plus if any of the following applies: (a) the unborn child or the unborn child's mother has individual or family health insurance coverage; (b) the unborn child or the unborn child's mother, in the 12 months before applying, had access to the health insurance coverage; (c) the unborn child or the unborn child's mother could be covered under individual or family health insurance coverage if the coverage is applied for, and the coverage could become available to the unborn child or the unborn child's mother in the month in which the unborn child applies for benefits or in any of the next three calendar months.

The act provides that none of the following are ineligible for BadgerCare Plus by reason of having health insurance coverage or access to health insurance coverage: (a) a pregnant woman; (b) a child under one year of age whose mother was enrolled in MA or the benchmark plan; (c), a child who has health insurance coverage, or access to health insurance coverage, as a dependent of an absent parent but who resides outside of the service area of the absent parent's plan; (d) an individual who, regardless of family income, was born on or after January 1, 1990, and who, on his or her 18th birthday, was in a foster care or treatment foster care placement under the responsibility of the state, as determined by DHFS; and (e) a child who is not an unborn child whose family income exceeds 150% of the FPL who obtains eligibility under spend down provisions, but only for the remainder of the child's eligibility.

Further, a person is not ineligible if the individual that had access to healthcare within 12 months of applying for BadgerCare Plus or an individual who is an unborn child or an unborn child's mother under certain circumstances if any of the following good cause reasons is the reason that the individual did not obtain the health insurance coverage under the rules of the provisions regarding insurance coverage: (1) the individual's employment ended; (2) the individual's employer discontinued health insurance coverage for all employees; (3) one or more members of the individual's family were eligible for other health insurance coverage or MA at the time the employee failed to enroll in the health insurance coverage described previously and no member of the family was eligible for coverage under this provision at that time; (4) the individual's access to health insurance coverage has ended due to the death or change in marital status of the subscriber; and (5) any other reason that DHFS determines is a good cause reason.

If a pregnant woman has health insurance coverage and her family income exceeds 200% of the FPL, the woman would be required, as a condition of eligibility, to maintain the health insurance coverage.

If an individual with a family income that exceeds 150% of the FPL had the health insurance coverage specified in the previous section but no longer has the coverage, if an individual who is an unborn child or an unborn child's mother, regardless of family income, had health insurance coverage but no longer has the coverage, or if a pregnant woman specified above has health insurance coverage and does not maintain the coverage, the individual or pregnant woman would not be eligible for BadgerCare Plus for the three calendar months following the month in which the insurance coverage ended without a good cause reason as specified below.

The act specifies the following as a good cause reason: (a) the individual or pregnant woman was covered by a group health plan that was provided by a subscriber through his or her employer, and the subscriber's employment ended for a reason other than voluntary termination, unless the voluntary termination was a result of the incapacitation of the subscriber or because of an immediate family member's health condition; (b) the individual or pregnant woman was covered by a group health plan that was provided by a subscriber through his or her employer, the subscriber changed employers, and the new employer does not offer health insurance coverage; (c) the individual or pregnant woman was covered by a group health plan that was provided by a subscriber through his or her employer, and the subscriber's employer discontinued health plan coverage for all employees; (d) the pregnant woman's coverage was continuation coverage and the continuation coverage was exhausted; (e) the individual's or pregnant woman's coverage terminated due to the death or change in marital status of the subscriber; and (f) any other reason determined by DHFS to be a good cause reason.

Employer Verification of Insurance Coverage. The act provides that, with specified exceptions, for an applicant or recipient with a family income that exceeds 150% of the FPL, DHFS is required to verify insurance coverage and access information directly with the employer through which the applicant or recipient may have health insurance coverage or access to coverage.

The following individuals are exempt from the employer verification requirements: (a) a pregnant woman; (b) a child who is not an unborn child whose family income exceeds 150% of the FPL who obtains eligibility under special provisions of spend down or a child under one year of age, whose mother was determined to be eligible, and who lives with his or her mother in the state; and (c) an individual who, regardless of family income, was born on or after January 1, 1990, and who, on his or her 18th birthday, was in a foster care or treatment foster care placement under the responsibility of the state, as determined by DHFS.

An employer that receives a request from DHFS for insurance coverage and access to coverage information is required to supply the information requested by DHFS in the format specified by DHFS within 30 calendar days after receiving the request. An employer that does

not comply with the requirement is required to pay, within 45 days after the requested information was due, a penalty equal to the full per member per month cost of coverage under BadgerCare Plus for the individual about whom the information is requested, and for each of the individual's family members with coverage under BadgerCare Plus, for each month in which the individual and the individual's family members are covered before the employer provides the information. An employer with fewer than 250 employees cannot be required to pay more than \$1,000 in penalties that are attributable to any six-month period, and an employer with 250 or more employees cannot be required to pay more than \$15,000 in penalties that are attributable to any six-month period. An employer is not subject to any penalties if the employer, at least once per year, timely provides to DHFS, in the manner and format specified by DHFS, information from which DHFS can determine whether the employer provides its employees with access to health insurance coverage.

All penalty assessments are credited to the appropriations to support BadgerCare benefits (90% of the revenue) and administration (10% of the revenue).

An employer may contest a penalty assessment by sending a written request for hearing to the DOA Division of Hearings and Appeals. These proceedings will be governed by Chapter 227 of the statutes.

DHFS may recover any penalty assessment not paid from the employer against which the penalty was assessed, and bring action to enforce the liability or issue an order to compel payment of the liability if, after notice that payment of a penalty is overdue and the employer who is liable fails to pay the penalty amount. Any person aggrieved by an order may appeal the order as a contested case under Chapter 227 by filing with DHFS a request for a hearing within 30 days after the date of the order. The only issue at the hearing is the determination by DHFS that the person has not paid the penalty or entered into, or complied with, an agreement for payment.

If an employer named in an order fails to pay DHFS any amount due under the terms of the order and no contested case to review the order is pending and the time for filing for a contested case review has expired, DHFS could present a certified copy of the order to the circuit court for any county. The sworn statement of the DHFS Secretary would be evidence of the failure to pay the penalty. The circuit court, without notice, would be required to render judgment in accordance with the order. A judgment rendered would have the same effect and be entered in the judgment and lien docket and could be enforced in the same manner as if the judgment had been rendered in an action tried and determined by the circuit court. The recovery procedure would be in addition to any other recovery procedure authorized by law. DHFS could appear for the state, and could commence a suit to recover an unpaid penalty from the employer against which the penalty was assessed.

The act repeals current provisions that require BadgerCare applicants or their family members who are employed to provide verification from employers of their earnings.

Cost Sharing

The act provides that, except as provided in Chapter 49 of the statutes regarding prepayment contracts, all cost-sharing provisions under MA would apply to recipients with full MA coverage, to the same extent as they apply to a person eligible for full MA benefits and Medicare buy-in.

Premiums. The act specifies that, except for specific exceptions, a recipient who is an adult, who is not a pregnant woman, and whose family income is greater than 150% but not greater than 200% of the FPL is required to pay a premium for coverage under BadgerCare Plus that does not exceed 5% of his or her family income. If the recipient has self-employment income and is eligible under the appropriate BadgerCare Plus eligibility criteria, the premium could not exceed 5% of family income calculated before depreciation was deducted.

A child whose family income is greater than 200% of the FPL is not required to pay a premium for coverage of the benefits under the benchmark plan that does not exceed the full per member per month cost of coverage for a child with a family income of 300% of the FPL. A recipient who is an unborn child, or a pregnant woman who is eligible as a pregnant woman whose family income exceeds 200% but does not exceed 300% of the FPL, is required to pay a premium for coverage of the benefits under the benchmark plan that does not exceed the full per member per month cost of coverage for an adult with a family income of 300% of the FPL.

The act exempts the following individuals from the premium requirements: (a) a child who is a Native American or an Alaskan Native with a family income that does not exceed 300% of the FPL; (b) a child who is not at unborn child whose family income exceeds 150% of the FPL who obtains eligibility under special provisions of spend down or a child under one year of age, whose mother was determined to be eligible, and who lives with his or her mother in the state; (c) a child whose family income does not exceed 200% of the FPL; (d) a pregnant woman whose family income does not exceed 200% of the FPL; and (e) a child that meets eligibility criteria as a result of specific spenddown provisions.

The act specifies that if a recipient who is required to pay a premium under this provision or under the provision that allows a child with family income that exceeds 300% of the FPL to purchase coverage does not pay a premium when due, the recipient's coverage terminates and the recipient is not eligible for BadgerCare Plus for six calendar months following the date on which the recipient's coverage terminated.

Benchmark Plan Benefits and Copayments

Recipients who are not eligible for full MA benefits would have coverage of the following benefits and pay the following copayments:

(a) prescription drugs bearing only a generic name, as defined in Chapter 450 of the statutes, with a copayment of no more than \$5 per prescription, and subject to the Badger Rx Gold program discounts;

(b) physician services, including one annual routine physical examination, with a copayment of no more than \$15 per visit;

(c) inpatient hospital services as medically necessary, subject to coinsurance payment per inpatient stay of no more than 10% of the allowable MA rates and a copayment of no more than \$50 per admission for psychiatric services;

(d) outpatient hospital services, subject to coinsurance payment of no more than 10% of the allowable MA rates for the services provided, except that use of emergency room services for treatment of a condition that is not an emergency medical condition, as defined in Chapter 632 of the state statutes, would require a copayment of no more than \$75;

(e) laboratory and x-ray services, including mammography;

(f) home health services, limited to 60 visits per year;

(g) skilled nursing home services, limited to 30 days per year, and subject to coinsurance payment of no more than 10% of the allowable MA rates for the services provided;

(h) inpatient rehabilitation services, limited to 60 days per year, and subject to coinsurance payment of no more than 10% of the allowable MA rates for the services provided;

(i) physical, occupational, speech, and pulmonary therapy, limited to 20 visits per year for each type of therapy, and subject to coinsurance payment of no more than 10% of the MA rates for the services provided;

(j) cardiac rehabilitation, limited to 36 visits per year and subject to coinsurance payment of no more than 10% of MA rates for the services provided;

(k) inpatient, outpatient, and transitional treatment for nervous or mental disorders and alcoholism and other drug abuse problems, with a copayment of no more than \$15 per visit and coverage limits that are the same as those under the state employee health plan;

(l) durable medical equipment, limited to \$2,500 per year, and subject to coinsurance payment of no more than 10% of the MA rates for the articles provided;

(m) transportation to obtain emergency medical care only, as medically necessary, and subject to coinsurance payment of no more than 10% of the MA rates for the services provided;

(n) one refractive eye examination every two years, with a copayment of no more than \$15 per visit.;

(o) 50% of allowable charges for preventive and basic dental services, including services for accidental injury and for the diagnosis and treatment of temporomandibular disorders. However, the coverage under this service would be limited to \$750 per year, would apply only to pregnant women and children under 19 years of age, and would require an annual deductible of \$200 and a copayment of no more than \$15 per visit;

- (p) early childhood developmental services, for children under six years of age;
- (q) smoking cessation treatment, for pregnant women only; and
- (r) prenatal care coordination, for pregnant women at high risk only.

Provider Payments and Requirements. A provider is required to collect the specified or allowable copayment or coinsurance, unless the provider determines that the cost of collecting the copayment or coinsurance exceeds the amount to be collected. DHFS must reduce payments for services or equipment by the amount of the specified or allowable copayment or coinsurance. A provider could deny care or services or equipment if the recipient does not pay the specified or allowable copayment or coinsurance. If a provider provides care or services or equipment to a recipient who is unable to share costs as specified, the recipient would not be relieved of liability for those costs.

Rules; Notice of Effective Date. DHFS may promulgate any rules necessary for, and consistent with, its administrative responsibilities under these provisions, including additional eligibility criteria. DHFS may promulgate emergency rules for the administration of these provisions for the period before the effective date of any permanent rules promulgated, except that these emergency rules would only be effective for 150 days after taking effect, or not to exceed the period that is determined by an extension of the emergency rules as allowed under Chapter 227. DHFS may promulgate these rules as emergency rules without providing a finding of an emergency.

If the amendments to the state plan are approved and a waiver that is substantially consistent with all of these provisions is granted and in effect, DHFS would be required to publish a notice in the Wisconsin Administrative Register that states the date on which BadgerCare Plus is implemented.

Funeral, Burial and Cemetery Program

The act specifies that, under the current funeral and burial and cemetery program, counties and tribes are responsible for paying funeral, burial, and cemetery expenses for the following groups: (a) a recipient of benefits of Wisconsin Works (W-2), MA recipients that are recipients of social security aids, recipients of state supplemental payments; and a recipient of benefits as eligible under federal criteria for aged, blind, or disabled on May 8, 1980; and (b) a BadgerCare Plus recipient who is any of the following: (1) a pregnant woman or a child under six years of age with a family income not exceeding 185% of the FPL at the time of death; (2) a child at least six years of age but less than 19 years of age with a family income not exceeding 100% of the FPL at the time of death; and (3) a parent or caretaker relative with a family income not exceeding 50% of the FPL at the time of death.

Previously, counties and tribes were required to pay these expenses for: (a) W-2 enrollees; (b) categorically needy MA recipients (which includes the pregnant women and children groups defined above); (c) SSI recipients; and (d) certain caretaker relatives.

Definitions

The act creates the following definitions, as they relate to BadgerCare Plus.

"BadgerCare Plus" as the MA program described in new section in Chapter 49 of the statutes.

"Caretaker relative" as an individual who is maintaining a residence as a child's home, who exercises primary responsibility for the child's care and control, including making plans for the child, and who is any of the following with respect to the child: (a) a blood relative, including those of half-blood, and including first cousins, nephews, nieces, and individuals of preceding generations as denoted by prefixes of grand, great, or great-great; (b) a stepfather, stepmother, stepbrother, or stepsister; (c) an individual who is the adoptive parent of the child's parent, a natural or legally adopted child of such individual, or a relative of the adoptive parent; and (d) a spouse of any individual named in this paragraph even if the marriage is terminated by divorce or death.

"Child" as an individual who is under the age of 19 years and includes an unborn child.

"Essential person" as an individual who satisfies all of the following: (a) is related to an individual receiving benefits under BadgerCare Plus; (b) is otherwise nonfinancially eligible, except that the individual need not have a minor child under his or her care; and (c) provides at least one of the following to an individual receiving benefits under BadgerCare Plus: (1) child care that enables a caretaker to work outside the home for at least 30 hours per week for pay, to receive training for at least 30 hours per week, or to attend, on a full-time basis as defined by the school, high school or a course of study meeting the standards established by the state Superintendent of Public Instruction for the granting of a declaration of equivalency of high school graduation; and (2) care for anyone who is incapacitated.

"Family" as all children for whom assistance is requested, their minor siblings, including half brothers, half sisters, stepbrothers, and stepsisters, and any parents of these minors and their spouses.

"Family income" as the total gross earned and unearned income received by all members of a family.

"Group health plan" through a cross-reference to a definition in federal law [(42 USC 300gg-91 (a) (1)]

"Health insurance coverage" through a cross reference to definition in federal law [(42 USC 300gg-91(b) (1)], and specify that it also includes any arrangement under which a third party agrees to pay for the health care costs of the individual.

"Parent" through a cross-reference to the current definition as it relates to W-2.

"Recipient" as an individual that receives benefits under the BadgerCare Plus program.

"Unborn child" as an individual from conception until he or she is born alive for whom all of the following requirements are met:

(a) the unborn child's mother is not eligible for MA, except that she may be eligible for benefits under MA as an emergency service;

(b) the family income of the unborn child's mother, mother and her spouse, or mother and her family, whichever is applicable, does not exceed 300% of the FPL;

(c) each of the following applicable persons who is employed provides verification from his or her employer, in the manner specified by DHFS, of his or her earnings: (1) the unborn child's mother; (2) the spouse of the unborn child's mother; and (3) members of the unborn child's mother's family;

(d) the unborn child's mother provides medical verification of her pregnancy, in the manner specified by DHFS, with the provision that an unborn child's eligibility for coverage under BadgerCare Plus does not begin before the first day of the month in which the unborn child's mother provides the medical verification; and

(e) the unborn child and the mother of the unborn child meet all other applicable eligibility requirements under Chapter 49 or established by DHFS by rule except for any of the following: (1) the mother is not a U.S. citizen or an alien qualifying for MA as an emergency service as permitted by federal law; (2) the mother is an inmate of a public institution; and (3) the mother does not provide a social security number, but only if the mother is not a U. S. citizen or an alien qualifying for MA as an emergency service as permitted by federal law.

Modify, Create and Repeal Appropriations and Add References to BadgerCare Plus

The act modifies current appropriations for MA benefits, contracted services for MA-related programs, and income maintenance contracts to reference BadgerCare Plus. The act creates a biennial PR appropriation to support BadgerCare Plus administrative costs, to which 10% of moneys received from penalties assessed to employers for failure to comply with insurance verification requirements would be credited. The act modifies the PR BadgerCare cost sharing and employer penalty assessment appropriation to: (a) include revenue from cost sharing from MA recipients; (b) include 90% of the revenue DHFS receives from employer penalty assessments; and (c) reference the BadgerCare Plus program. The act repeals the current BadgerCare GPR and FED benefits appropriation and transfers funding from these appropriations to the modified MA benefits appropriations. The act adds references to BadgerCare Plus in numerous statutes that previously referenced MA and BadgerCare.

Repeal Dental Services Pilot Project. The act repeals a provision that requires DHFS, in consultation with the Wisconsin Dental Association, to develop a pilot project for the provision of dental services under a managed care system in Ashland, Douglas, Bayfield, and Iron Counties and to seek federal waivers to implement the program. Under the pilot, recipients would be required to select a dental provider from participating dentists, or be assigned a dentist by DHFS. DHFS would be required to contract with an entity to: (a) accept capitation

payments for each enrollee; (b) enroll dentists; (c) coordinate with county departments to provide outreach and education to recipients and person who are eligible to be recipients; and (d) pay all allowable charges on a fee-for-service basis to participating dentists on behalf of recipients in pilot counties for dental services received by participating recipients

Training for Nonprofit Organizations. The act repeals a provision that requires DHFS to provide training to employees and volunteers of private nonprofit organizations concerning MA eligibility for individuals who would need to "spend down" to meet MA financial eligibility requirements.

Effective Date

These provisions take effect on the date stated in the Wisconsin Administrative Register by DHFS as the implementation date for BadgerCare Plus.

Funding Assumptions and BadgerCare Plus Initiatives

This section provides a description of some of the funding aspects of the program, as the administration has described it. As a result of greater usage of managed care, program simplification, changes in program design, and maximization of federal funding, the administration estimates that the BadgerCare Plus initiative would generate a one-time savings of approximately \$17.4 million (all funds) in the 2007-09 biennium, which DHFS would use to support program benefits and several related initiatives.

The administration's BadgerCare Plus cost estimates reflect assumptions regarding monthly premiums recipients would pay to participate in the program. These premium amounts, which are not specified in the act, are shown below.

<u>BadgerCare Plus Eligibility Category</u>	<u>Average Premiums</u>
All AFDC/Healthy Start children	\$0
Children in families with income under 200% of the FPL	0
Pregnant women in families with income greater than 200% of the FPL	0
Children in families with income between 200% and 300% of the FPL	30
Children in families with income above 300% of the FPL	70
Adults in families with income between 150% and 185% of the FPL	55
Adults in families with income between 185% and 200% of the FPL	80
Adults in families with income greater than 200% of the FPL (may qualify based on depreciation of self-employment assets)	184

The following table identifies the annual income families would have at various percentages of the 2007 federal poverty level.

2007 Federal Poverty Guidelines

Number in Family	<u>100%</u>	<u>150%</u>	<u>185%</u>	<u>200%</u>	<u>300%</u>
1	\$10,210	\$15,315	\$18,889	\$20,420	\$30,630
2	13,690	20,535	25,327	27,380	41,070
3	17,170	25,755	31,765	34,340	51,510
4	20,650	30,975	38,203	41,300	61,950
5	24,130	36,195	44,641	48,260	72,390
6	27,610	41,415	51,079	55,220	82,830
7	31,090	46,635	57,517	62,180	93,270
8	34,570	51,855	63,955	69,140	103,710
Each Additional Child	\$3,400	\$5,100	\$6,290	\$6,800	\$10,200

Premium Assistance. Wisconsin's health insurance premium payment (HIPP) program helps low-income families pay the employee contribution of their employer-sponsored insurance. The HIPP program is currently part of BadgerCare and pays the family's share of the monthly premium, co-insurance, and deductibles associated with the family health plan, along with any BadgerCare covered services not included in the family health plan through fee-for-service. BadgerCare Plus would increase enrollment in HIPP by providing premium assistance for: (a) children and parents in families with incomes below 150% of the FPL, even when the employer pays 80% or more of the premium when it is cost effective to do so; (b) pregnant women in families with incomes up to 300% of the FPL when the employer pays 80% or more of the premium (wrap-around benefits); and (c) children in families with incomes between 200% and 300% of the FPL when it is cost effective to do so.

HIPP would also be expanded in the following ways: (a) farm and other self-employed families would be covered; (b) self-funded insurance plans would be allowed to participate; (c) minimum employer contribution requirements would be eliminated and employer-sponsored insurance would be based solely on cost effectiveness; and (d) access to HIPP coverage would be permitted even if single or "plus one" coverage is the only coverage offered by an employer. In general, cost effectiveness would be assessed to determine if the cost of covering an eligible family or individual under private insurance is no more than the cost of covering them under MA.

Service Delivery. The administration assumes that all recipients would be enrolled in managed care within two years, which is a primary source of projected cost savings. This item includes funding to support incentives for HMOs to expand to areas currently not served by HMOs.

Related Initiatives. Based on the administration's estimates of the net benefits savings that would result by enrolling additional current MA and BadgerCare recipients into HMOs, imposing new cost-sharing requirements on current enrollees, and reducing funding for contracted administrative costs, DHFS expects fund several items to fully expend the

administration's estimate of the net projected savings of the item in the 2007-09 biennium. These items are described below.

Dental Access. DHFS intends to issue a request for information (RFI) to solicit interest among health care providers for designing and managing a dental service delivery system for BadgerCare Plus recipients. The goal of the RFI process is to bring forward new and innovative service delivery models. DHFS would encourage models that expand upon current local partnerships that are providing dental care to MA recipients.

If DHFS does not find that the responses to the RFI meet the stated goal, DHFS proposes to develop two pilot initiatives to determine a reasonable, long-term solution to increasing access to dental services. One pilot initiative would be a pay-for-performance effort targeting fee-for-service providers in a selected geographical region of the state. The second pilot initiative would explore the feasibility of a public health model for dental services, building on the work of the federally qualified health centers and existing community partnerships.

From the funding provided to increase access to dental services, DHFS is required to allocate \$200,000 in 2007-08 to the Peter Christensen Health Center and \$200,000 in 2007-08 to the Lake Superior Community Health Center to increase access to dental services.

Healthy Living Incentives. Currently, 14 HMOs participate in the pay-for-performance (P4P) initiative. In P4P, HMOs and DHFS develop strategies to address public health issues, such as smoking and utilization of dental services and establish goals. DHFS provides incentive payments to HMOs, based on their progress in meeting these goals. DHFS proposes to add five system-level and individual incentives for: (a) increases in well-child visits and childhood immunization rates; (b) reductions in smoking among enrollees; (c) reductions in childhood obesity; (d) reductions in infant mortality, especially among populations of color; and (e) reductions in inappropriate use of emergency room care.

HMO Expansion Incentive. This incentive is intended to encourage health plans to enter geographical service areas that have one or fewer health plans available. The act would provide \$660,000 (\$270,500 GPR and \$389,500 FED) in 2007-08 and \$1,340,000 (\$541,900 GPR and \$798,100 FED) in 2008-09 for this purpose. DHFS has not yet determined how it would distribute the incentive funds.

Innovative Partnerships. DHFS intends to expand the MPS student health initiative by hiring an additional 24 nurses or other health care professionals to serve the 37 schools currently without health care services or with individual education plan services only. Two components of the expansion are increased coordination among school nursing staff and current health care providers to ensure that eligible students are enrolled in BadgerCare Plus. Priority would be given to elementary schools with high student poverty levels and poor attendance rates.

Marketing and Outreach. DHFS intends to increase marketing of BadgerCare Plus to target populations, including efforts to educate and inform those currently enrolled in MA and BadgerCare about program changes that would result from BadgerCare Plus. The campaign would include brochures, posters, radio spots, and other strategies to reach the target population. DHFS would issue a request for proposal for a portion of these activities.

Mini-Grants for Outreach. Mini-grants for outreach would be used to help support non-traditional entry points such as Boys and Girls Clubs, Head Start, YMCA/YWCAs, and faith-based organizations in identifying and enrolling low-income children in BadgerCare Plus. DHFS intends to issue a request for proposal for these activities.

Benefit Counselors. Funding is provided to help current MA and BadgerCare recipients transition to BadgerCare Plus. These counselors might also assist DHFS in disseminating health literacy information and help individuals learn how to better manage their health.

Healthy Living Curriculum. DHFS intends to work with community-based organizations, HMOs, hospitals, and other providers to develop health information that could be used in a variety of settings. The information would include topics such as: (a) use of care in hospital emergency rooms and other health care settings; and (b) the importance of punctuality for health care appointments, well-child visits, smoking cessation, and exercise.

Evaluation. An evaluation would be conducted, in partnership with an outside entity, to determine if BadgerCare Plus met its intended goals and if outcome measures were achieved.

The following table provides a summary of the funding changes that are provided under the act.

**BC Plus and Related Initiatives
Act 20**

	2007-08				2008-09			
	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
BadgerCare Plus								
Projected Savings								
MA and BadgerCare Benefits	-\$6,877,600	-\$10,479,900	\$0	-\$17,357,500	-\$14,627,000	-\$22,866,900	\$0	-\$37,493,900
State Administration	<u>-588,100</u>	<u>-661,900</u>	<u>0</u>	<u>-1,250,000</u>	<u>-1,174,200</u>	<u>-1,325,800</u>	<u>0</u>	<u>-2,500,000</u>
Total	-\$7,465,700	-\$11,141,800	\$0	-\$18,607,500	-\$15,801,200	-\$24,187,900	\$0	-\$39,989,100
Projected Costs								
MA and BadgerCare Benefits	\$2,632,200	\$4,832,800	\$4,760,800	\$12,225,800	\$13,206,300	\$24,699,200	\$21,861,600	\$59,767,100
State Administration	<u>282,100</u>	<u>517,900</u>	<u>0</u>	<u>800,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$2,914,300	\$5,350,700	\$4,760,800	\$13,025,800	\$13,206,300	\$24,699,200	\$21,861,600	\$59,767,100
Net Costs (Savings) of BC Plus	-\$4,551,400	-\$5,791,100	\$4,760,800	-\$5,581,700	-\$2,594,900	\$511,300	\$21,861,600	\$19,778,000
Related Initiatives								
Benefits								
Dental Access	\$1,186,200	\$1,707,900	\$0	\$2,894,100	\$2,408,400	\$3,547,000	\$0	\$5,955,400
Healthy Living P4P Initiatives	473,400	681,600	0	1,155,000	948,300	1,396,700	0	2,345,000
HMO Expansion Incentives	270,500	389,500	0	660,000	541,900	798,100	0	1,340,000
Innovative Partnerships					747,900	1,101,600	0	1,849,500
Administration								
Marketing and Outreach	250,000	250,000	0	500,000	0	0	0	0
Mini-grants for Outreach	100,000	100,000	0	200,000	0	0	0	0
Benefit Counselors	100,000	100,000	0	200,000	0	0	0	0
Healthy Living Curriculum	50,000	50,000	0	100,000	0	0	0	0
Evaluation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,700</u>	<u>130,300</u>	<u>0</u>	<u>200,000</u>
Cost of Related Initiatives	\$2,430,100	\$3,279,000	\$0	\$5,709,100	\$4,716,200	\$6,973,700	\$0	\$11,689,900
Net Cost (Change to Base)	-\$2,121,300	-\$2,512,100	\$4,760,800	\$127,400	\$2,121,300	\$7,480,200	\$21,861,600	\$31,463,100

[Act 20 Sections: 383 thru 386, 388, 392 thru 394, 788 thru 790, 844, 858, 912 thru 915, 922, 926, 930, 983, 1123, 1296, 1298, 1467 thru 1471, 1513 thru 1517, 1519 thru 1527, 1539 thru 1543, 1547, 1549m , 1550, 1552, 1554 thru 1558, 1587, 1592 thru 1595, 1605, 1608, 1630, 1631, 1633 thru 1638 thru 1641, 1644, 1651, 1660, 1661, 1671, 1675, 1676, 1679, 1680, 1752, 1812, 1813, 1849, 1874, 2996, 3056, 3179, 3180, 3526, 3679, 3763, 3772, 9121(8k), and 9421(4)]

10. DEMONSTRATION PROJECT TO PROVIDE MA COVERAGE TO CHILDLess ADULTS

Require DHFS to request a waiver from the U.S. Department of Health and Human Services (DHHS) to permit DHFS to conduct a demonstration project to provide health care coverage for primary and preventive care services to adults under the age of 65 who have family incomes up to 200% of the federal poverty level (FPL), and who are not otherwise eligible for MA, BadgerCare, or Medicare.

Provide that if the waiver is granted and in effect, DHFS may promulgate rules defining the health care benefit plan, including more specific eligibility requirements and cost-sharing requirements. Specify that DHFS could promulgate the plan details as emergency rules without a finding of emergency. Specify that if a waiver is granted and in effect, the demonstration project would begin on January 1, 2009, or on the effective date of the waiver, whichever is later.

Modify current DHFS appropriations to: (a) authorize DHFS to fund services under the disease aids program from the GPR-funded MA benefits appropriation; and (b) authorize DHFS to fund benefits under the demonstration project with PR funds the state receives from Milwaukee County under the general assistance medical intergovernmental transfer program. Further, provide that a person is not precluded from participating in the health insurance risk-sharing plan (HIRSP) if he or she meets eligibility requirements for benefits under the demonstration project.

Provide that if a person eligible for coverage under HIRSP is receiving a premium subsidy under that plan as of the implementation date for the demonstration project voluntarily terminates coverage under HIRSP and enrolls in the demonstration project, the HIRSP Authority must transfer to DHFS an amount equal to the premium subsidy that person would have been entitled to receive had he or she not terminated coverage under HIRSP. Require the HIRSP Authority to continue to transfer that subsidy amount to DHFS for as long as the person is enrolled in the demonstration project. These transferred funds would be deposited in a PR appropriation in DHFS to support benefits under the demonstration project.

[Act 20 Sections: 382, 390, 392w, 393, 1392, 1546, 2881, 2894h, and 9421(4)]

11. NON-INSTITUTIONAL PROVIDER RATE INCREASE

GPR	\$7,109,200
FED	10,502,200
Total	\$17,611,400

Provide \$17,611,400 (\$7,109,200 GPR and \$10,502,200 FED) in 2008-09 to increase rates for certain MA and BadgerCare non-institutional services. DHFS would increase rates for home health services, personal care services, and

hospice services by 1.5%, and other non-institutional providers by 1.0%, beginning in 2008-09, except that: (a) federally-qualified health care centers and rural health care centers will receive no rate increase, since MA currently pays their costs of serving MA recipients; (b) the rate increase would not be applied to common carrier transportation allocations to counties; (c) the act increases reimbursement to pharmacies that dispense drugs to MA and BadgerCare recipients by eliminating DHFS' current practice of subtracting \$0.50 per drug claim from the total reimbursement a pharmacy receives; and (d) rates for psychiatric services will increase by 20%, beginning in 2008-09. As part of this item, the act includes funding to increase capitation rates for managed care organizations so that these providers could increase rates to noninstitutional providers with which they contract.

12. PHARMACY BENEFITS MANAGER

GPR	- \$15,000,000
FED	- 26,730,400
PR	1,858,400
Total	- \$39,872,000

Reduce funding for MA, BadgerCare, and SeniorCare benefits by \$13,140,400 (-\$5,000,000 GPR, -\$8,719,200 FED, and \$578,800 PR) in 2007-08 and by \$26,731,600 (-\$10,000,000 GPR, -\$18,011,200 FED, and \$1,279,600 PR) in 2008-09 to reflect the administration's estimates of savings that would result by contracting with a pharmacy benefits manager (PBM) to manage some aspects of pharmacy benefits for MA, BadgerCare, and SeniorCare fee-for-service recipients. DHFS issued a request for proposal (RFP) for this purpose on June 26, 2006. The PBM would be paid on a contingency fee basis and could not begin to provide benefits until the state receives approval by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. This item assumes that the PBM will begin providing managed pharmacy benefits in January, 2008.

Pharmacy Benefits Management Functions. The RFP indicates that the PBM would likely deliver some or all of the following functions: (a) prospective drug utilization review; (b) preferred drug list and supplemental rebate solicitation and negotiation; (c) prior authorization; (d) point-of-sale claims adjudication and payment; (e) rebate billing and collections; (f) retrospective drug utilization review; and (g) cost containment consultation and implementation.

Projected Savings Targets. Reduce funding for MA and BadgerCare benefits by \$6,453,300 (-\$2,684,800 GPR and -\$3,768,500 FED) in 2007-08 and by \$11,912,300 (-\$4,881,500 GPR and -\$7,030,800 FED) in 2008-09 and reduce funding for SeniorCare benefits by \$6,687,100 (-\$2,315,200 GPR, -\$4,950,700 FED, and \$578,800 PR) in 2007-08 and \$14,819,300 (-\$5,118,500 GPR, -\$10,980,400 FED, and \$1,279,600 PR) in 2008-09 to reflect estimates of projected savings targets associated with implementing a PBM for fee-for-service pharmacy benefits.

13. AUTOMATED HOME HEALTH PROVIDER MONITORING SYSTEM

GPR	- \$4,578,400
FED	- 6,742,100
Total	- \$11,320,500

Reduce funding by \$3,360,200 (-\$1,337,000 GPR and -\$2,023,200 FED) in 2007-08 and by \$7,960,300 (-\$3,241,400 GPR and -\$4,718,900 FED) in 2008-09 to reflect the net effect of implementing an automated provider monitoring system that will document

all hours worked by home health, private duty nursing, and personal care workers. The system will use real-time data to allow for monitoring and verification of the providers who deliver services. All personal care and home health workers will be required to check in and out when they deliver services in a recipient's home. The automated system will have a database that will interface with the claims submission system to minimize fraudulent billing.

Benefits Reduction. Reduce MA benefits funding by \$4,526,800 (-\$1,920,300 GPR and -\$2,606,500 FED) in 2007-08 and by \$9,053,500 (-\$3,788,000 GPR and -\$5,265,500 FED) in 2008-09 by \$13,580,300 (-\$5,708,300 GPR and -\$7,872,000 FED) to reflect the administration's estimate of savings that will result by implementing the system.

Administration. Provide \$1,166,600 (\$583,300 GPR and \$583,300 FED) in 2007-08 and \$1,093,200 (\$546,600 GPR and \$546,300 FED) to fund: (a) 1.0 contracted information specialist position to perform system administration tasks, such as loading enrollment, provider, and prior authorization information, correcting information in the system when a nurse fails to check out so the system can create and submit the claim (\$16,500 GPR and \$16,500 FED in 2007-08 and \$33,000 GPR and \$33,000 FED in 2008-09); and (b) operational costs, based on an estimated cost of \$0.35 per visit (\$256,800 GPR and \$256,800 FED in 2007-08 and \$513,600 GPR and \$513,600 FED in 2008-09); (c) start-up costs (\$300,000 GPR and \$300,000 FED in 2007-08); and (d) training costs (\$10,000 GPR and \$10,000 FED in 2007-08).

14. CLAIM COMMON CARRIER TRANSPORTATION AS AN MA SERVICE

GPR	- \$4,373,400
FED	4,373,400
Total	\$0

Reduce GPR funding for MA benefits by \$2,002,900 in 2007-08 and by \$2,370,500 in 2008-09 and increase FED funding for MA benefits by corresponding amounts to reflect the fiscal effect of claiming most common carrier transportation costs as MA service costs, rather than as MA administration costs. The federal matching percentage for MA administration is 50%, while the MA benefits matching percentage is approximately 58%. Currently, DHFS allocates MA funding to counties, which contract with common carrier providers (typically buses, taxis and human services vehicles) to transport ambulatory MA recipients to medical appointments. Under this item, counties will submit additional information to DHFS to document the common carrier services MA recipients receive, enabling DHFS to claim these services as service costs, rather than as administration costs.

There are no statutory changes relating to this item in the act. DHFS will implement this change as a matter of policy.

15. FUND CERTAIN MEDICARE PART B SERVICES WITH GPR

GPR	\$3,033,100
FED	- 2,533,100
Total	\$500,000

Increase funding by \$500,000 (\$1,177,700 GPR and -\$677,700 FED) in 2007-08 and by \$0 (\$1,855,400 GPR and -\$1,855,400 FED) in 2008-09 to: (a) fund MA payments for services for MA recipients that are eligible for Medicare

Part B, but who are not enrolled in the program with GPR funds only, effective January 1, 2008 (\$927,700 GPR and -\$927,700 FED in 2007-08 and \$1,855,400 GPR and -\$1,855,400 FED in 2008-09); and (b) provide funding to modify DHFS computer systems to implement this provision (\$250,000 GPR and \$250,000 FED in 2007-08).

This item responds to a change in federal policy that no longer permits states to claim federal MA matching funds for state costs that could have been paid by Medicare Part B if the recipient was enrolled in Medicare Part B.

16. EXTEND MA OR BADGERCARE ELIGIBILITY FOR PARENTS FOLLOWING THE DEATH OF A CHILD

GPR	\$71,400
FED	131,400
PR	7,400
Total	\$210,200

Increase MA benefits funding by \$101,600 (\$34,500 GPR, \$63,000 FED and \$4,100 PR) in 2007-08 and \$108,600 (\$36,900 GPR, \$68,400 FED and \$3,300 PR) in 2008-09 to fund the estimated cost of permitting parents whose children die while they are enrolled in MA or BadgerCare to remain eligible for MA or BadgerCare for up to 90 days following the death of their child, in cases where the child's death would, under current law, lead to the loss of program eligibility for the parents.

Direct DHFS to request a waiver from the U.S. Department of Health and Human Services to extend MA or BadgerCare coverage to these parents for 90 days after the death of their child, and authorize DHFS to implement any waiver that is granted.

[Act 20 Section: 1554m]

17. ELIGIBILITY FOR FAMILY PLANNING DEMONSTRATION WAIVER PROJECT

Increase, from 185% to 200% of the federal poverty level, the maximum family income a woman may have in order to enroll in the family planning demonstration project. Specify that this change would take effect on the implementation date for BadgerCare Plus.

Under the BadgerCare Plus initiative, DHFS intends to change the current method of counting a family's income for the purpose of becoming eligible for "Family MA" (MA for children, pregnant women, and caretakers). DHFS currently disregards certain income, and deducts certain types of expenses, such as child care expenses (up to specified maximum amounts per month) to determine the amount of each family's income that is counted in determining eligibility for Family MA. Under BadgerCare Plus, DHFS intends to simplify the method of determining countable income for Family MA groups, including women who participate in the family planning demonstration waiver, so that a family's countable income would equal the family's gross income, less all student earnings and child support payments. The administration indicates that the proposed changes in the method of counting a family's income will, on average, result in more income being counted for MA eligibility determinations. Consequently, increasing the income eligibility standard for the family planning demonstration waiver project is intended to offset the effect of counting more of each family's income, on

average, in making these eligibility determinations.

[Act 20 Sections: 1549m and 9421(4)]

18. MA RETROACTIVE ELIGIBILITY REPAYMENTS

Repeal a provision that permits a health care provider to retain the difference between an amount an MA applicant or other person paid to the provider for an MA-eligible service (before the individual was determined to be retroactively eligible for MA) and the amount MA paid to the provider after the individual became retroactively eligible for MA. Instead, require the provider, upon receipt of the MA payment, to reimburse the recipient or other person for services provided to the recipient during the retroactive eligibility period, by the amount of the prior payment.

In addition, extend this repayment requirement to MA-eligible services received by individuals who qualify for MA based on medically needy standards (individuals who "spend down" to meet the program's income criteria). Prior law only references categorically needy MA recipients with respect to these repayments.

Previously, if an MA applicant was found to be eligible as a "categorically needy" recipient, he or she could be determined to be retroactively eligible for up to three months prior to application. If a provider billed that MA applicant for services provided during the retroactive period, the provider was required to submit claims for MA payment to DHFS. Upon receiving payment from DHFS, the provider was required to reimburse the MA recipient for the payment the recipient or another person made to the provider for the services. However, the statute prohibited DHFS from requiring the provider to reimburse the recipient for more than the MA payment received by the provider from DHFS for the services.

The U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services has concluded that Wisconsin's current statute conflicts with a federal law that requires that MA providers accept MA payments as "payments in full."

[Act 20 Section: 1632]

19. DRUG COVERAGE FOR MA RECIPIENTS ELIGIBLE FOR MEDICARE PART D

Provide that, for individuals who are eligible for MA and Medicare Part D ("dual eligibles"), MA will not provide payment for any Medicare Part D drug, as defined under federal law, regardless of whether the individual is enrolled in Medicare Part D or whether, if the individual is enrolled, his or her Part D plan, as defined in federal law, covers the Part D drug. Under federal law, a "Part D drug" means any drug that is included in a Part D plan's formulary.

As of the January 1, 2006, states may no longer receive federal MA matching funds for

outpatient prescription drugs for dual eligibles if those outpatient prescription drugs are defined as Part D drugs. Prior law required that MA be the payer of last resort, so that any outpatient prescription drug charges for dual eligibles were first billed to Medicare Part D, but prior state law also required the MA program to cover dual eligibles outpatient prescription drugs. Therefore, the state was obligated to pay for a dual eligible recipient's outpatient prescription drugs if those drugs were either not on the recipient's Medicare Part D plan's formulary or if the recipient was not signed up for a Medicare Part D drug plan. Under the act, all dual eligible individuals will receive outpatient prescription drug coverage through a Medicare Part D drug plan for all drugs covered under Medicare Part D. The act eliminates MA coverage of any Part D drug, whether or not the dual eligible recipient is enrolled in a Medicare Part D plan.

Under current federal law, states have the option to cover two classes of drugs -- barbiturates and benzodiazepines, both of which act as central nervous center depressants, that are currently excluded from Medicare Part D coverage. Wisconsin elected to cover these two classes of drugs and is permitted, under federal law, to receive federal MA matching funds for these drug classes. Under the act, Wisconsin will continue to cover these classes of drugs for dual eligibles.

[Act 20 Sections: 1589, 1591, and 1603]

20. MA DISPROPORTIONATE SHARE HOSPITAL PAYMENTS -- MILWAUKEE GENERAL ASSISTANCE MEDICAL PROGRAM

Permit DHFS to distribute supplemental payments to a hospital that enters into an indigent care agreement, in accordance with an approved state MA plan, with relief agencies that administer the medical relief block grant, if DHFS determines that the hospital serves a disproportionate number of low-income patients with special needs. Previously, DHFS was required to distribute supplemental funding to hospitals that enter into a contract to provide health care services that are supported by the relief block grant program.

Repeal the requirement that, if an agency that administers the relief block grant program contracts with a private health care provider to provide health services under the relief block grant program, the contract provide that any supplemental hospital payments the provider receives be used to offset the liability of the administering agency for the costs of the health care provided under the contract.

Specify that this change will first apply to indigent care agreements entered into on the act's general effective date.

These changes will conform the state's statutes to provisions relating to supplemental disproportionate hospital payments that are in the current MA hospital state plan. The U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services has required DHFS to make changes to the MA hospital state plan regarding supplemental disproportionate share payments to Milwaukee County providers under the county's general

assistance medical program (GAMP) to conform to federal policy regarding these payments.

[Act 20 Sections: 1391, 1538, and 9321(7)]

21. PHYSICAL HEALTH RISK ASSESSMENT AND DISEASE MANAGEMENT

Direct DHFS to encourage all individuals who are enrolled in MA or BadgerCare on or after the act's general effective date to receive a physical health risk assessment as part of the first physical examination they receive while they are enrolled in these programs.

In addition, require DHFS to develop and implement disease management programs for recipients. Specify that these programs would have at least the following characteristics: (a) the use of information science to improve health care delivery by summarizing a patient's health status and providing reminders for preventive measures; (b) educating health care providers on health care process improvement by developing best practice models; (c) improvement and expansion of care management programs to assist in standardization of best practices, patient education, support systems, and information gathering; (d) establishment of a system of provider compensation that is aligned with clinical quality, practice management, and cost of care; and (e) focus on patient care interventions for chronic conditions, to reduce hospital admissions.

[Act 20 Sections: 1559g, 1559h, 1641d, and 1641e]

22. SMOKING CESSATION PROGRAM

Require DHFS to create and, by the first day of the seventh month beginning after the act's effective date (May 1, 2008), implement an incentive-based smoking cessation program for MA recipients. Specify that the program would incorporate elements of existing smoking cessation programs administered by the state, and that the emphasis of the program is to have MA recipients stop smoking as soon as possible. Authorize DHFS to enter into an agreement with another person to create or administer the program.

[Act 20 Section: 9121(7L)]

Medical Assistance -- Long-Term Care

1. FAMILY CARE EXPANSION

Provide \$18,284,100 (\$930,000 GPR, \$6,938,900 FED, and

GPR	\$20,075,700
FED	20,632,500
PR	<u>39,895,300</u>
Total	\$80,603,500

\$10,415,200 PR) in 2007-08 and \$62,319,400 (\$19,145,700 GPR, \$13,693,600 FED, and \$29,480,100 PR) in 2008-09 to reflect the net costs of expanding the Family Care program in the 2007-09 biennium.

Summary of Expansion

Aging and Disability Resource Centers (ADRCs). ADRCs, which provide information, counseling, and assessment services, serve as the primary point of entry for accessing long-term care services. There are currently 18 ADRCs operating in Wisconsin. The act funds additional ADRCs so that the percentage of Wisconsin residents who have access to these services would increase from approximately 40% to 75% by the end of the biennium.

Care Management Organizations (CMOs). Currently, five CMOs receive monthly capitation payments from the state to fund long-term care services to Family Care enrollees. The act funds additional CMOs so that by the end of the biennium, approximately 27,200 individuals may be enrolled in Family Care, compared to 10,300 as of February 1, 2007. It is not known which counties or multi-county regions will be served by CMOs, nor is it known when additional CMOs would begin operating. Funding for the proposal is based on a model that makes a number of assumptions regarding these and other factors that affect program costs.

External Quality Review. DHFS contracts with a vendor to conduct external quality review functions. The act increases funding for these contracted services.

Offsetting Funding Reductions, Reallocations, and County Contributions. This item is funded with: (a) additional state and federal MA funding provided in the act; (b) reallocations of base funds supporting MA fee-for-service payments and MA waiver services; (c) funding available in 2006-07 to support costs in the 2007-09 biennium; and (d) county funds, including community aids and revenue from the county tax levy. A program revenue appropriation is created for DHFS to collect these funds from counties.

The act reflects anticipated revenues of \$10.4 million in 2007-08 and \$29.5 million in 2008-09 from county contributions to support anticipated Family Care program costs, based on the assumption that counties would contribute the equivalent of what DHFS calculates the county spent in calendar year 2005 to provide services to the population of individuals who would otherwise have been eligible for the Family Care benefit. However, the formula included in the act that will be used to determine the amount of a county's contribution assumes instead that counties will initially contribute the equivalent of what DHFS calculates the county spent in calendar year 2006 (rather than 2005) to provide services to the population of individuals who would otherwise have been eligible for the Family Care benefit. If the amount that the county is required to contribute in the first year exceeds 22% of the county's basic county allocation (BCA) under the community aids program, the county may decrease the amount of its contribution by 25% of the difference between the higher payment amount and 22% of the county's BCA, until the county is contributing 22% of the BCA. As a result, the amount of program revenue received in the form of a county contribution may differ slightly from the amounts assumed under the act.

Statutory Changes

Authority to Expand Program. The act maintains current law provisions that require DHFS to seek the approval of the Joint Committee on Finance under a 14-day passive review process prior to expanding the availability of Family Care to areas of the state where more than 29% of the population eligible for the benefit reside. However, it repeals a provision that requires that any expansion of the program to areas where more than 50% of the population eligible for the benefit resides must be approved by the full Legislature. The act provides that any expansion to areas of the state where more than 29% of the population eligible for the benefit reside (up to 100%) is subject to the approval of the Joint Committee on Finance under a 14-day passive review process. It further specifies that the proposed expansion would be deemed approved if, subsequent to filing an objection under the 14-day passive review process the Committee fails to act on the Department's request within 45 working days after the 14-day passive review period expires.

The act maintains current law provisions specifying the sort of information that the Department is required to provide to the Committee regarding the proposed expansion. However, in addition, it directs DHFS to submit documentation of the county's consent to participate in the Family Care program, as well as the amount and terms of any agreed-upon local contribution. The act requires DHFS to submit this information for each county that would be served under each expansion. In addition, DHFS is required to submit information from counties that indicate intended uses of the savings counties would realize under the reduction in county contributions for long-term care.

Effective January 1, 2008, all counties participating in the Family Care program by offering the services of a CMO will be required to either provide a payment to DHFS, or to authorize DHFS to allocate a portion of the county's basic community aids allocation to fund the operation of the county's resource center and CMO. The act specifies that the amount of the annual allocation will be determined as follows:

(a) For counties offering the Family Care benefit prior to January 1, 2006, the annual contribution remains at the established level. (For the purpose of describing the amount in statute, the act specifies that the amount of the county contribution required for these counties is the amounts contributed in calendar year 2006.)

(b) For the first year that a county is served by a CMO, the county is required to contribute an amount equal to the funds that DHFS determines that the county expended in calendar year 2006 to provide services to long-term support clients who would otherwise have been eligible to be served under the Family Care benefit, had the benefit been available. If this amount is less than 22% of the county's 2006 BCA, then the county would continue to make an annual payment of this amount to DHFS (or authorize the Department to allocate this amount of the county's annual BCA to fund the operation of the county's ADRC and CMO) for as long as the county voluntarily participates in the Family Care program.

(c) If the amount of the county's contribution in the first year exceeds 22% of the

county's 2006 BCA, then the payment required of the county in the second year would be the amount required in the first year less 25% of the difference between the amount required in the first year and 22% of the county's 2006 BCA. The amount of the county's required contribution will be decreased by 25% of the difference between the amount required in the first year and 22% of the county's 2006 BCA each year until the fifth year, when the county's required contribution would equal 22% of the county's 2006 BCA. In subsequent years, the county's required contribution would remain equal to 22% of the county's 2006 BCA.

(d) For counties offering the Family Care benefit after January 1, 2006, but prior to the effective date of the act, the amount required as a county contribution will be determined by the number of years that the county had offered the benefit. (For example, if a county was first served by a CMO in January, 2007, the county would be considered as being in the second year of the funding formula when the provision takes effect in January, 2008, and be responsible for either an amount equal to the funds that DHFS determines that the county expended in calendar year 2006 to provide services to long-term support clients who would otherwise have been eligible to be served under the Family Care benefit (if this amount is less than 22% of the county's 2006 BCA), or if the amount determined by the Department exceeded 22% of the county's BCA, the county's contribution would be the amount required in the first year less 25% of the difference between the amount required in the first year and 22% of the county's 2006 BCA.)

The act eliminates the prior law requirement that DHFS obtain approval from the Joint Committee on Finance before expanding the use of capitated rate payment programs to provide long-term care services.

Contracts. The act eliminates the prior law provision that requires DHFS to obtain legislative approval to enter into a contract to establish a CMO with an entity other than a county, Family Care district, Indian tribe or band, or the Great Lakes Inter-Tribal Council, Inc.

The act clarifies current statutory provisions allowing DHFS to contract with counties, Family Care districts, the governing body of a tribe or band or the Great Lakes Inter-Tribal Council, Inc., or under a joint application of any of these, or with a private organization that has no significant connection to an entity that operates a resource center. It requires that proposals for contracts be solicited under a competitive sealed proposal process, and directs DHFS to evaluate the proposals primarily as to the quality of care that is proposed to be provided, and to certify those applicants that meet the necessary requirements. The act repeals the requirement that DHFS consult with local long-term care councils or with the county before selecting applicants with which to contract, and repeals the prior law provision that prohibits DHFS from contracting for a CMO to serve an area unless the local long-term care council for the area has developed an initial plan to implement Family Care.

The act repeals the prior law provision that prohibits DHFS from entering into contracts for resource centers without the approval of the Joint Committee on Finance. Under the act, DHFS will no longer be required to secure legislative consent to enter into contracts for resource centers.

Eligibility and Entitlement. The act repeals prior law provisions that identify one of the qualifying conditions for being eligible for the Family Care benefit as suffering from a "degenerative brain disorder." Instead, it provides that an individual may be eligible for the Family Care benefit if they are a "frail elder." The act defines a frail elder as someone who is 65 years of age or older and who has a physical disability or irreversible dementia that restricts the individual's ability to perform normal daily tasks, or that threatens their capacity to live independently.

The act replaces the current titles of definitions of functional eligibility for the Family Care benefit with "nursing home level of care," rather than "comprehensive," and "non-nursing home level of care," rather than "intermediate," effective January 1, 2008. The definitions clarifying when an individual has met each level of functional eligibility remain unchanged.

The act eliminates the prior law requirement that DHFS extend entitlement for the Family Care benefit to people who are not eligible for MA by January 1, 2008. It allows individuals who are not eligible for MA, but who are currently receiving services under the Family Care benefit upon the effective date of the act to continue to be eligible for, but not entitled to, the Family Care benefit, and requires that an individual be eligible for MA in order to be entitled to the Family Care benefit.

Under prior law, DHFS was required to extend entitlement to the Family Care benefit by January 1, 2008, to individuals who are not MA eligible but who are functionally eligible at the comprehensive level or who are in need of protective services or protective placement and are functionally eligible at the intermediate level, as well as to certain individuals who are not MA eligible but who are functionally eligible because they were receiving other long-term care benefits (such as community waiver services) when the Family Care program was implemented in their county.

Long-Term Care Councils. The act defines which family members of individuals who meet certain Family Care eligibility requirements are eligible to serve on local long-term care councils to include spouses, or individuals related by blood, marriage, or adoption within the third degree of kinship.

Notification Requirements. The act repeals the requirement that a resource center notify residents of certain long-term care residential facilities who are potentially eligible for the Family Care benefit of the services that the center provides within six months after the benefit is made available in the area. Resource centers will still be required to provide notification of services to these individuals; however, under the act, there is no time requirement for doing so.

CMO Contracts for Home Health Services. The act clarifies that if a CMO contracts with an entity to provide home health services under Family Care, the entity need not be licensed as a home health agency for the purpose of providing the contracted services. Under prior law, CMOs did not need to be licensed as home health agencies.

Functional and Financial Screens. Clarify that the functional screen and the financial screen performed by resource centers are separate screens. Require that an assessment of a person's

ability to pay for part of the Family Care benefit be conducted as part of the financial screen conducted by the resource center.

Use of Community Aids and COP Funds and County Contributions. The act specifies that, for counties with CMOs, DHFS may allocate a portion of that county's basic community aids allocation to fund the operation of the county's resource center and CMO. The amount of the allocation is limited to an amount agreed to by both DHFS and the county. Under prior law, DHFS could allocate up to 21.3% of a county's community aids allocation for this purpose.

The act creates an appropriation for financial contributions by counties to support Family Care, the program for all-inclusive care for the elderly (PACE), and the Wisconsin Partnership Program (WPP) for program operation, services, or to contribute to a risk reserve.

The act permits any county in which Family Care, WPP, or PACE is available to use its community options (COP) allocation to provide mental health or substance abuse services, or to provide services under the family support program. Previously, state law required counties to allocate COP funds to serve a minimum percentage of clients in four eligible groups: elderly, developmentally disabled, physically disabled, and chronically mentally ill. Counties offering Family Care, WPP, or PACE benefits will not be subject to this requirement.

Information and Referral Requirements. The act repeals the requirement that adult family homes provide information to prospective residents regarding resource centers and the Family Care benefit, and refer prospective residents to the resource centers. Further, it repeals the requirement that hospitals refer certain patients to resource centers prior to discharging them.

Instead, in counties where the services of a resource center are available, the act requires community-based residential facilities (CBRFs) and residential care apartment complexes (RCACs) to provide information regarding resource centers and the Family Care benefit to prospective residents, and if a referral is required, refer prospective residents to resource centers when the facilities first provide prospective residents with written materials regarding their facilities. It permits DHFS to specify by rule the method by which the CBRFs and RCACs make referrals to the resource centers, as well as acceptable time period allowed for nursing homes to provide information to prospective residents about resource centers and the Family Care benefit, and to make referrals to the resource center.

In counties that do not have resource centers, the act requires CBRFs (but not RCACs) to refer certain prospective residents that are elderly or who have a physical or developmental disability to the county department responsible for administering long-term care programs. It also requires the county, within the time period specified by DHFS, to offer the prospective resident counseling concerning public and private long-term care benefit programs.

The act repeals the requirement that CBRFs assess the financial condition of privately paying clients prior to admission. Further, it deletes the current law restriction prohibiting counties from using certain community long-term care waiver funds to pay for care in a CBRF for a program recipient who did not undergo an assessment of their abilities, disabilities, service needs, and a review of alternatives to institutional care before entering a CBRF.

Create Long-Term Care Districts The act renames Family Care districts "long-term care districts," and authorizes these districts to operate the WPP or PACE programs, as long as the district does not also operate a resource center. It clarifies that a county, a tribe or band, or any combination of counties or tribes or bands may create a long-term care district. The act specifies that a county or tribe or band may create more than one long-term care district, and that a district may change its primary purpose (from operating either a CMO or a resource center to operating the other) if all of the counties or tribes or bands that created the district have not withdrawn or been removed from the district adopt a resolution approving the change, and if the change does not violate any provision of a contract between DHFS and the district, and as long as the change does not result in the same district simultaneously operating a CMO and a resource center.

The act provides that a long-term care district may establish conditions for a county or tribe or band that participated with one or more counties or tribes or bands in creating a district to withdraw from the district, or for the district to remove the county or tribe or band from the district, subject to the approval of DHFS.

The act specifies that the jurisdiction of a long-term care district includes the geographical area of the county or counties that created it, as well as the geographic area of the reservation of, or lands held in trust for, any tribe or band that created the long-term care district.

Further it requires that when a county, tribe, or band opts to create a long-term care district board, it must also specify the number of individuals who will be appointed as members of the long-term care district board, the length of their terms, and if the district is created by more than one county or tribe or band, how many members shall be appointed by each.

The act clarifies that any member of a long-term care district governing board may be removed by the appointing authority for cause. It deletes prior law requirements specifying the total number of board members who must be appointed, their length of term, and the requirement that one-fourth of the board's membership consist of older persons or persons with physical or developmental disabilities or their family members, guardians, or other advocates who are representative of the CMO's enrollees. Instead, it requires that at least one-fourth of the board's membership be representative of the client group or groups whom the CMO is contracted to serve, or those clients' family members, guardians, or other advocates. The act provides that only individuals who reside within the jurisdiction of the long-term care district may serve as members of the board.

The act provides that the board may act based on the affirmative vote of a majority of a quorum, unless specified otherwise in a bylaw adopted by the board.

The act clarifies that the provisions regulating the compensation that the district must offer an individual who formerly worked for a county participating in the district in a substantially similar function, and whose wages, hours and conditions of employment were established in a collective bargaining agreement with the county, must apply specifically to the employee's wages, vacation allowance, sick leave accumulation, sick leave bank, holiday

allowance, funeral leave allowance, personal day allowance, and paid time off allowance, rather than the previously provided "compensation and benefits."

Further, it deletes the requirement that the district initially provide the same compensation and benefits to individuals who formerly worked for a county participating in the district in a substantially similar function, but whose wages, hours and conditions of employment were not established in a collective bargaining agreement.

The act deletes the current provision providing that subject to the terms of any applicable collective bargaining agreement, long-term care district employees are eligible to receive health care coverage under any county health insurance plan that is offered to county employees. Instead, it provides that if the district employs any individual who was previously employed by the county, the district is directed to provide health care coverage that is similar to the health care coverage that the county provided the individual with while employed by the county.

The act deletes the current requirement that long-term care district employees remain eligible to participate in any deferred compensation or other benefit plan offered by the county to county employees, including disability and long-term care insurance coverage and income continuation insurance coverage. It specifies that the long-term care district and the county may enter into an agreement allocating the costs of providing employee benefits between the district and the county.

Current law specifies that the obligations and debts of a long-term care district are not those of any county. The act further clarifies that if a long-term care district is obligated by statute or contract to provide or pay for services or benefits, no county is responsible for providing or paying for those costs.

Resource Center Governing Boards, Local and Regional Committees. The act provides that if the governing board of a resource center (rather than the local long-term care council, as provided under current law) assumes the duties of the county long-term support planning committee, that planning committee is dissolved. Similarly, if the governing board of the resource center assumes these duties, the board must also recommend a community options plan for participation in the program and monitor its implementation. It eliminates local long-term care committees.

The act deletes current provisions requiring that one-fourth of the membership of any resource center's governing board be older persons, or individuals with a physical or developmental disability, individuals who belong to a client group served by the resource center, or their family members, guardians, or other advocates. Instead, the act provides that at least one-fourth of the membership of the governing board must consist of individuals who belong to a client group served by the resource center or their family members, guardians, or other advocates. The act specifies that the proportion of these board members who belong to each client group, or their family members, guardians, or advocates be the same as the proportion of individuals in the state who receive services under the Family Care benefit and belong to each client group.

The act prohibits any individual who has a financial interest in, or serves on the governing board of a CMO, PACE, or WPP program, an SSI managed care plan, or who has a family member with any of these same conflicts, from serving on the governing board of a resource center.

It directs that the governing board of a resource center be responsible for:

(1) determining the structure, policies, and procedures of the resource center and overseeing its operations, and specify that the operations of a resource center that is operated by a county is subject to a county's ordinances and budget;

(2) annually gathering information from consumers and providers of long-term care services and others concerning the adequacy of services offered in the area;

(3) identifying any gaps in services, living arrangements, and community resources needed by individuals belonging to client groups served by the resource center, especially those with long-term care needs;

(4) providing well-advertised opportunities for persons to participate in the board's information gathering activities;

(5) reporting findings to the regional long-term care advisory committee;

(6) recommending strategies for building local capacity to serve older persons and individuals with physical and developmental disabilities to local elected officials, the regional long-term care advisory committee, and to DHFS;

(7) annually reviewing interagency agreements between the resource center and CMOs that provide services in the area, and make recommendations on the interaction between the two to assure coordination between them, and to assure access to and timeliness of the provision of services;

(8) reviewing the number and type of grievances and appeals concerning the long term care system in the area served by the resource center, to determine if a need exists for system changes, and recommend changes as appropriate;

(9) identifying potential new sources of community resources and funding for needed services for individuals belonging to the client groups served by the resource center;

(10) if directed to do so by the county board, assuming the duties of the county long-term community support planning committee; and

(11) appointing members to the regional long-term care advisory committee.

The act directs the governing board of each resource center operating in a given region established by DHFS to appoint members to a regional long-term care advisory committee. It specifies that at least 50% of the appointees must be older persons, individuals with a physical

or developmental disability, or their family members, guardians, or other advocates. In establishing each region, the Department is directed to periodically review the boundaries of the regions, and revise them as appropriate. Further, the act directs DHFS to specify the number of members that each governing board of a resource center must appoint to the regional advisory committee. It specifies that the total number of committee members may not exceed 25. The act requires DHFS to allot committee membership equally among the governing boards of resource centers operating within the boundaries of the regional long-term care advisory committee. Further, it directs DHFS to provide information and staff assistance to aid the regional committees in performing their duties.

The act defines the duties of the regional long-term care advisory committees to include all of the following: (1) to evaluate the performance of CMOs, PACE, and WPP programs in the region with respect to their responsiveness towards recipients of their services, fostering choices for recipients, and other issues affecting recipients, and to make recommendations based on these evaluations to DHFS and the evaluated entities; (2) to evaluate the performance of the resource centers operating in the region and make recommendations concerning their performance to DHFS and the centers; (3) to monitor grievances and appeals made to CMOs, PACE, and WPP programs within the region; (4) to review the utilization of long-term care services in the region; (5) to monitor enrollments and disenrollments in CMOs that provide services in the committee's region; (6) using information gathered by the governing boards of resource centers operating in the region and other available information, to identify any gaps in the availability of services, living arrangements, and community resources needed by older persons and individuals with physical or developmental disabilities, and to develop strategies to build capacity to address those gaps; (7) to perform long-range planning on long-term care policy for individuals belonging to the client groups served by the resource center; and (8) to annually report to DHFS regarding significant achievements and problems relating to the provision of long-term care services in the committee's region.

Finally, the act requires resource centers to target any outreach, education, and prevention services that it provides and any service development efforts that it conducts on the basis of findings made by the governing board of the resource center.

[Act 20 Sections: 18, 19, 131, thru 134, 156, 163, 413, 415, 631, 632, 692, 756 thru 759, 846, 850, 868, 880, 904 thru 911, 916 thru 921, 927, 928, 934 thru 954, 955 thru 982, 984 thru 997, 998 thru 1016, 1018 thru 1073, 1104a thru 1104g, 1518, 1588, 1597, 1598, 1760 thru 1792, 1806 thru 1809, 1821, 1822, 1876 thru 1878, 1930 thru 1932, 2020, 2608, 2642, 2643, 2647, 2665, 3678, 3931, 3932, 9421(7), and 9421(8q)]

2. FAMILY CARE PROVIDER CONTRACTS

Require DHFS to specify, as a provision of any contract DHFS enters into or renews after the effective date of the bill with a care management organization (CMO) to provide the Family Care benefit, that the CMO must allow any community-based residential facility (CBRF), residential care apartment complex (RCAC), community rehabilitation program, home health

agency, day service provider, personal care provider, or nursing facility to serve as a contracted Family Care provider if: (a) the provider agrees to be reimbursed at the CMO's contract rate negotiated with similar providers for the same care, services, and supplies; and (b) the facility or organization meets all guidelines established by the CMO related to quality of care, utilization, and other criteria applicable to facilities or organizations under contract for the same care, services, and supplies. Specify that this change first applies to contracts entered into, renewed or extended on the act's general effective date.

[Act 20 Sections: 997m and 9321(9c)]

3. FAMILY CARE – LIAISON AND ADVOCACY SERVICES FOR GRANT COUNTY

Direct DHFS to provide \$75,000 GPR annually, from funding budgeted for Family Care aging and disability resource centers, to Grant County to provide, with respect to issues concerning Family Care benefits, liaison services between the county and a managed care organization and advocacy services on behalf of the county.

[Act 20 Section: 954mb]

4. DISABILITY OMBUDSMAN PROGRAM

Direct DHFS to allocate \$190,000 in 2007-08 and \$525,000 in 2008-09 and each subsequent year to contract with an organization to provide ombudsman advocacy services to actual or potential recipients of the Family Care benefit who are under the age of 60, or to their families and guardians. Funding for the provision would be provided by reallocating base funding budgeted for MA contracts.

Further, prohibit DHFS from contracting for these services with a county, or with any organization that contracts with the Department to provide services as a care management organization (CMO) or to manage an aging and disability resource center (ADRC). Require DHFS to include in the contract language identifying a goal of supporting a level of staffing through the contract equal to one ombudsman for every 2,500 Family Care enrollees under the age of 60.

[Act 20 Section: 954m]

5. NURSING HOME RATE INCREASE

Provide \$38,786,000 (\$16,268,800 GPR and \$22,517,200 FED) in 2008-09 to increase MA nursing home rates by approximately 5% in 2008-09.

SEG-REV	\$27,600,000
GPR-REV	- 27,600,000
GPR	-\$11,331,200
FED	22,517,200
SEG	<u>27,600,000</u>
Total	\$38,786,000

Further, modify current law to specify that all revenue from the nursing home bed assessment will be deposited to the MA trust fund, beginning in 2007-08.

Under prior law, all revenue that exceeded \$13.8 million in each year was deposited to the MA trust fund and \$13.8 million from the assessment revenue was deposited to the general fund. Reduce MA benefits funding by \$13.8 million GPR annually and increase MA benefits funding by \$13.8 million SEG annually, and reduce estimates of general fund revenues by \$13.8 million GPR annually, and increase estimates of revenues deposited to the MA trust fund by \$13.8 million annually.

[Act 20 Section: 1800]

**6. NURSING HOME PAYMENT METHODOLOGY --
DESIGNATE ROCK COUNTY'S LABOR REGION**

GPR	\$660,000
FED	904,600
Total	\$1,564,600

Require DHFS to: (a) include Rock County in a labor region that currently includes Dane, Iowa, Columbia, and Sauk County for the purpose of determining standards for payment of allowable direct care costs to nursing homes under the MA program; and (b) adjust payments so that the direct cost targets of facilities in Dane, Iowa, Columbia and Sauk Counties are not reduced as a result of including facilities in Rock County in this labor region. Provide \$777,900 (\$330,000 GPR and \$447,900 FED) in 2007-08 and \$786,700 (\$330,000 GPR and \$456,700 FED) in 2008-09 to hold nursing homes in Dane, Iowa, Columbia, and Sauk County harmless in the determination of reimbursement related to labor region adjustments.

Under current law, DHFS is required to establish standards for payment of allowable direct care costs that are based on direct care costs for all nursing homes, as adjusted to reflect regional labor cost variations. The statutes previously required DHFS to treat Dane, Iowa, Columbia, and Sauk County as a single labor region.

[Act 20 Section: 1530h]

7. ICF-MR BED ASSESSMENT

SEG-REV	\$4,330,700
GPR	-\$357,400
FED	5,457,600
PR	2,622,800
SEG	4,330,700
Total	\$12,053,700

Provide \$3,630,800 (-\$411,800 GPR, \$2,090,600 FED and \$1,952,000 SEG) in 2007-08 and \$5,800,100 (\$54,400 GPR, \$3,367,000 FED, and \$2,378,700 SEG) in 2008-09 to reflect the net effect of increasing the monthly assessment on licensed beds of intermediate care facilities for the mentally retarded (ICFs-MR) for the purpose of reducing base GPR funding for MA benefits, and to provide a rate increase of 2% in 2007-08 and an additional 2% in 2008-09. Further, increase the operations appropriations for the three state centers by \$1,080,300 PR in 2007-08 and by \$1,542,500 PR in 2008-09 to reflect anticipated increases in the centers' operations expenditures as a result of the bed assessment increase.

Delete the current law provision requiring ICFs-MR to pay an assessment of \$445 per month, per licensed bed to the state. Rather, authorize DHFS to set the amount of the bed assessment for each state fiscal year, subject to a statutorily specified formula.

Direct DHFS to establish the monthly rate for each year by multiplying the projected annual gross revenues of all ICFs-MR in the state by 0.055, dividing the product by the number of licensed beds in the facilities, and dividing the quotient by 12. Direct DHFS to calculate the amount of the assessment that will be applied prior to the start of each fiscal year. Permit DHFS to reduce the amount of the assessment during a state fiscal year to avoid collecting an amount that exceeds 5.5% of the aggregate gross revenues for ICFs-MR for the fiscal year. Specify that DHFS would not be required to calculate the amount of the bed assessment for state fiscal year 2007-08 until October 1, 2007, or until the first day of the third month beginning after the effective date of the bill, whichever is later.

Federal law provides for a reduction in federal funding for MA if the state collects bed assessments from ICFs-MR that exceed a specified portion of the aggregate revenues of all ICFs-MR in the state. Currently, that limit is set at 5.5% of aggregate revenues.

It is estimated that these changes would increase the monthly assessment to approximately \$587 in 2007-08 and \$649 in 2008-09. Based on these estimates and DHFS projections of licensed beds at these facilities, it is estimated that an additional \$1,952,000 in 2007-08 and \$2,378,700 in 2008-09 would be deposited to the MA trust fund.

[Act 20 Sections: 1800, 1801g thru 1805, and 9121(1)]

8. MEDICAID ASSET TRANSFERS

GPR	- \$3,116,000
FED	- 4,309,100
Total	- \$7,425,100

Reduce funding by \$2,025,000 (-\$816,900 GPR and -\$1,208,100 FED) in 2007-08 and by \$5,400,100 (-\$2,299,100 GPR and -\$3,101,000 FED) in 2008-09 to reflect the net effect of implementing new federal restrictions on asset transfers for MA eligible individuals enacted as part of the federal Deficit Reduction Act of 2005 (the DRA).

MA Benefits Funding. Reduce MA benefits funding by \$2,625,000 (-\$1,116,900 GPR and -\$1,508,100 FED) in 2007-08 and \$5,500,100 (-\$2,349,100 GPR and -\$3,151,000 FED) in 2008-09 to reflect projected savings to the MA program because some individuals' eligibility for MA will be delayed due to changes in federal divestment restrictions.

CARES System Changes. Provide \$500,000 (\$250,000 GPR and \$250,000 FED) in 2007-08 to fund changes to the client assistance for reemployment and economic support (CARES) system that county income maintenance staff use to make MA eligibility determinations.

Income Maintenance (IM) Funding to Counties. Provide \$100,000 (\$50,000 GPR and \$50,000 FED) annually to increase IM allocations to counties to fund additional staff time to review MA applications from individuals who may require long-term care services to ensure those applications comply with the new federal requirements.

Statutory Changes

Make the following changes to bring state law into compliance with federal law changes

to MA made in the DRA: (a) extend the look-back period for reviewing the assets of MA applicants from three years to five years; and (b) modify the starting date of any applicable penalty period from the first day of the month in which the asset was transferred to either the first day of the month during or after which the assets had been transferred, or the date on which the individual is eligible for MA and would otherwise be receiving institutional-level care, whichever is later, and that does not occur during any other period of ineligibility related to other divestments. In accordance with federal law, specify that these provisions apply to transfers of assets that occurred on or after February 8, 2006. Assets transferred prior to February 8, 2006, would be subject to previous regulations, including a look-back period of three years (rather than five), and the penalty period commencing from the date of the divestment, rather than the later penalty period specified in the act.

Prohibit the rounding down of partial months when determining penalty periods for divestments that occurred on or after February 8, 2006. Prohibit DHFS from rounding down the quotient, or otherwise disregard a fraction of a month when determining the length of a penalty period.

Disqualify individuals from eligibility for MA-funded long-term care services if the equity in their home and the land used and operated in connection with the home exceeds \$750,000, unless their spouse, child under the age of 21, or disabled child is living in the home. Under current law, a person's home is not counted when an individual's income and resources for MA eligibility are determined, regardless of value.

If an individual resides in a continuing care or life care community at the time that they apply for MA eligibility, specify that any entrance fee paid upon admission to the community is considered to be a resource available to the individual to the extent that all of the following apply: (a) the person has the ability to use the entrance fee to pay for care if the person's other resources or income are insufficient; (b) the person is eligible for a refund of any remaining entrance fee when the person dies or terminates their contract and leaves the community; and (c) the entrance fee does not confer an ownership interest in the community. Provide that a continuing care contract may require that, before a resident applies for MA they must spend the resources declared for purposes of admission to the facility on their care.

Provide that the purchase of a loan, promissory note, or mortgage by an individual or their spouse after February 8, 2006, is a transfer of assets for less than fair market value unless all of the following apply: (a) the repayment term is actuarially sound; (b) the payments are to be made in equal amounts during the term of the loan, with no deferral and no balloon payment; and (c) cancellation of the balance upon the death of the lender is prohibited. Specify that the value of the loan, promissory note, or mortgage that does not meet these requirements is the outstanding balance due on the date that the individual applies for MA for nursing facility or other long-term care services.

Provide that the purchase of a life estate in another individual's home by an individual or their spouse after February 8, 2006, is a transfer of assets for less than fair market value unless the purchaser resides in the home for at least one year after the date of the purchase.

Further, provide that as a condition of receiving MA for long-term care services, an applicant (when applying) or a recipient (when recertifying) must disclose any interest they or their spouse have in an annuity that was purchased on or after February 8, 2006, or an annuity purchased before February 8, 2006, for which a transaction occurred on or after February 8, 2006, regardless of whether the annuity is irrevocable or is treated as an asset. Provide that the application or recertification form include a statement that the state becomes a remainder beneficiary under any such annuity in which the individual or their spouse has an interest by virtue of the provision of MA. Require the individual to take action within 30 days from the time DHFS receives their application or recertification to make the state a remainder beneficiary. Direct DHFS to notify the issuer of an annuity disclosed by applicants and recipients of the state's right as a remainder beneficiary, and request that the insurer notify DHFS of any changes to or payments made under the annuity contract. Require that an insurer who receives such a request must comply, and notify DHFS of any changes to or payments made under the annuity contract.

Specify that the purchase of an annuity by an institutionalized individual or their community spouse (or anyone acting on their behalf) on or after February 8, 2006, will not be treated as a divestment if any of the following apply: (a) the state is named as the remainder beneficiary in the first position for at least the total amount of MA benefits paid on behalf of the institutionalized individual; or (b) the state is named as a beneficiary in the second position behind a community spouse, a minor, or a disabled child and the state is named in the first position if the spouse or the child's representative disposes of any remainder for less than fair market value.

An annuity purchased on or before February 8, 2006, by or on behalf of an individual who has applied for MA for nursing facility or other long term care services may be considered a transfer of assets for less than market value unless either of the following apply: (1) the annuity is either an annuity described in section 408 (b) or (q) of the Internal Revenue Code (generally individual and qualified employer retirement annuities), or was purchased with the proceeds of an account or trust described in section 408 (a), (c), or (p) of the Internal Revenue Code (generally personal, employer-sponsored, or simple retirement accounts), or the proceeds of a simplified employee pension (described in section 408 (k) of the Internal Revenue Code), or the proceeds from a Roth IRA; or (2) the annuity is irrevocable and non-assignable, actuarially sound, and provides for payments in equal amounts during the term of the annuity, with no deferral and no balloon payments made.

Provide that provisions regarding the treatment of annuities apply both to annuities purchased on or after February 8, 2006, and to annuities purchased before February 8, 2006, for which a transaction has occurred on or after February 8, 2006. Define a "transaction" as it relates to divestment as any action that changes the course of payments to be made or the treatment of income or principal of an annuity, including all of the following: (a) an addition of principal; (b) an elective withdrawal; (c) a request to change the distribution of the annuity; (d) an election to annuitize the contract; and (e) a change in ownership. Define a "community spouse" as the spouse of either the institutionalized person or the non-institutionalized person.

Require DHFS to establish a hardship waiver process under which the divestment rules would not apply to a person because it would result in undue hardship for the person, and allows DHFS to pay the full nursing facility payment rate for up to 30 days to hold a bed in the facility for a person involved in a pending undue hardship determination. Specify that "undue hardship" exists if the finding of ineligibility as a result of divestment or the imposition of a penalty period would deprive the individual of medical care to the extent that the individual's health or life would be endangered, or would deprive the individual of food, clothing, shelter, or other necessities of life. Specify that a facility in which the individual resides is permitted to file an application for undue hardship on behalf of the individual with their consent, or the consent of their authorized representative.

Provide that changes related to determining eligibility (including home equity limits, the inclusion of certain entry fees paid to continuing care communities as available resources, and the disclosure of annuities) would first apply to individuals who apply for or are recertified for MA upon the effective date of the act.

Provide that divestment changes (including extending the look back period from three to five years, eliminating the rounding down of partial months when determining penalty periods, the effective date of the penalty period, the requirement to name the state as a beneficiary to certain annuities, standards for annuities to not be considered transfers of assets for less than fair market value, standards for the purchase of notes, loans, or mortgages to not be considered divestments, and changes to regulations regarding the purchase of life estates) would first apply to individuals who apply for or are receiving MA for nursing facility or other long-term care services on the effective date of the act.

Provide that the remaining provisions would take effect on October 1, 2007, or on the first day of the fourth month beginning after the publication of the act, whichever is later.

[Act 20 Sections: 1533, 1560 thru 1586, 1596, 1599 thru 1602, 3666, 3698 thru 3701, 9321(4), and 9421(2)]

9. REPEAL GROUP HOME REVOLVING LOAN FUND

Repeal provisions that require DHFS to establish and continue a revolving fund to make two-year loans of up to \$4,000 each to applying nonprofit organizations for the costs of establishing programs to provide housing for groups of individuals who are recovering from alcohol or other drug abuse. Repeal a program revenue appropriation that receives repayments from loans, and interest on the loans, and from which loans are made. Base funding for the program (\$100,000 PR annually) is deleted in the act as part a program revenue funding adjustments item.

[Act 20 Sections: 410 and 1201]

10. PARENTAL FEES FOR DISABLED CHILDREN'S LONG-TERM CARE WAIVER SERVICES

Specify that a county may retain fees it collects for services it provides under the disabled children's long-term support (CLTS) program, when the county provides these services without the benefit of state funding. In addition, define the disabled children's long-term-term support program in statute as being the programs authorized in nonstatutory provisions contained in 2001 Wisconsin Act 16 and 2003 Wisconsin Act 33, and delete current statutory references to the nonstatutory provisions in these acts.

While the income of the parents of a child receiving services under the long-term care waiver is not considered when determining the child's eligibility for MA, families may be required to contribute to the cost of services. Fees are assessed for families at or above 330% of the federal poverty level (FPL), beginning at one percent of the service costs and increasing up to a maximum of 41% of service costs for families with incomes over 2000% of the FPL. While some state funding is provided to support waiver services to individuals participating in the program, counties may also create waiver slots by supplying the local match to obtain federal MA matching funds. As of July 1, 2006, there were 95 state-matched slots and 515 locally-matched slots. However, under current statutes, all revenue counties collect from parental fees, regardless of whether the child is in a state-matched slot or a locally-matched slot, is credited to a DHFS program revenue appropriation that supports DHFS operations costs relating to the program.

[Act 20 Sections: 409, 416, 795, 814, 835, 1590, and 2882]

11. STATE LONG-TERM CARE PARTNERSHIPS (LONG-TERM CARE INSURANCE AND MEDICAL ASSISTANCE ELIGIBILITY)

Repeal provisions that direct DHFS to seek approval of, and federal financial participation in, a pilot project under which a person who is the beneficiary of a long-term care insurance policy that satisfies criteria established by DHFS may become eligible for medical assistance (MA) while exceeding the usual MA resource limits. Further, repeal provisions that apply, if Wisconsin receives such a waiver, that provide MA eligibility for individuals who purchase long-term care insurance policies. Repeal references to the program with respect to agency responsibilities to design the program and for DHFS to consult with the U.S. Department of Health and Human Services (DHHS) to determine the feasibility of procuring a waiver to implement the program. Instead, direct DHFS to submit an amendment to the state MA plan to DHHS within three months of the effective date of the act establishing a long-term care partnership program, and to implement the program if the amendment to the state plan is approved.

Direct DHFS to exclude an amount equal to the amounts of benefits that an individual receives under a qualifying long-term care insurance policy when determining the individual's resources for purposes of determining the individual's eligibility for MA; and when

determining the amount to be recovered from the individual's estate if the individual receives MA.

Specify that to be eligible for participation in the partnership program, the individual must have been a resident of the state when the policy was issued, and the policy must satisfy all of the following criteria: (a) the policy may not have been issued before the date specified in the amendment, and may not be before the first day of the calendar quarter in which the amendment is submitted to DHHS; (b) the policy must meet the definitions specified under federal law; (c) the policy must meet the model regulations and requirements promulgated by the National Association of Insurance Commissioners (NAIC) that are specified in federal law, the policy must include applicable inflation protection, and the Commissioner of Insurance certifies to DHFS that the policy meets these criteria.

Direct DHFS and OCI to work together to develop a training program for individuals who sell long-term care policies to ensure that they understand the relationship between long-term care insurance and MA, and are able to explain to consumers how this type of insurance relates to private and public financing of long-term care. Participating insurers are now required to submit required reports to the DHHS Secretary that include notice of when benefits are paid on the policy, the amount of the benefits, notice of termination of the policy, and any other information required by the secretary.

Specify that an individual may not sell, solicit, or negotiate long-term care insurance unless the individual is a licensed intermediary and has completed a one-time training course by January 1, 2009, and ongoing training every 24 months thereafter. Clarify that the Office of the Commissioner of Insurance (OCI) must approve training requirements, but is not required to develop training requirements for individuals who sell long-term care insurance policies.

Require insurers providing long-term care insurance to obtain verification that the individual receives such training, maintain records of the intermediary's compliance, and make these records available to the Commissioner of Insurance upon request. Specify that the one-time training be no less than eight hours and the ongoing training no less than four hours. Require the training to cover the following topics: long-term care insurance, long-term care services, qualified partnerships, and the relationship between qualified partnerships and other public and private coverage of long-term care costs. Allow these training requirements to be approved as continuing education courses.

Background. The long-term care partnership program, established in federal law, is intended to encourage individuals to purchase long-term care to reduce state and federal costs that would otherwise be incurred under the MA program. However, prior to the enactment of the federal Deficit Reduction Act (DRA, or P.L. 109-171), states had little incentive to participate in the program because MA estate recovery provisions still applied to participating individuals -- their assets would only be protected until they died. The DRA made several changes to the program. Most importantly, for state partnership programs approved after May 14, 1993, program participants may be exempt from estate recovery procedures if the state program provides for the disregard of any assets in an amount equal to the private long-term care

insurance benefits paid on behalf of the individual.

[Act 20 Sections: 1551c, 1598r, 1604, 1634r, 2873, 2874, 3652m, and 3664c]

12. CHILDREN'S LONG-TERM CARE SERVICES (CLTS) FUNDING

Transfer \$4,714,800 (\$2,000,000 GPR and \$2,714,800 FED) in 2007-08 and \$4,767,600 (\$2,000,000 GPR and \$2,767,600 FED) in 2008-09 from funds budgeted for MA benefits to funds budgeted for MA waiver services to increase funding available to serve individuals under the children's long-term support program.

The CLTS program operates under three waivers MA home- and community-based waivers. These waivers include: (a) the children's developmental disability waiver for children who meet the ICF-MR level of care; (b) the children's mental health waiver for children who meet the psychiatric hospital or severe emotional disturbance level of care; and (c) the children with physical disabilities waiver for children with hospital, intensive skilled nursing, skilled nursing, and intermediate care facility levels of care. Base funding of approximately \$2.5 million (all funds) annually for the program (which is estimated to support approximately 143 slots budgeted at \$48.42 per day) is included in the act.

13. VETERANS AFFAIRS NURSE STIPEND PROGRAM

SEG	- \$87,400
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Delete \$43,700 SEG annually to transfer the source of funding for the nurse stipend program from veterans trust fund SEG to a new program revenue appropriation supported by medical assistance payments for institutional operations at the veterans homes. The expenditure increase is budgeted under the Department of Veterans Affairs (DVA). Repeal the DHFS appropriation that supports DVA's nurse stipend program.

Under the nurse stipend program, the 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.

[Act 20 Sections: 395m and 509m]

Medical Assistance -- Administration and FoodShare

1. INCOME MAINTENANCE -- ELIGIBILITY DETERMINATIONS

GPR	-\$4,132,200
FED	- 5,855,500
Total	-\$9,987,700

Reduce funding by \$1,366,000 (-\$529,400 GPR and -\$836,600 FED) in 2007-08 and by \$8,621,700 (-\$3,602,800 GPR and -\$5,018,900 FED) in 2008-09 to reflect estimates of the net effect of implementing several changes that would improve accuracy of MA income eligibility determinations.

Verify Income for Elderly, Blind and Disabled MA Recipients. Provide: (a) \$50,000 (\$25,000 GPR and \$25,000 FED) in 2007-08 to make one-time programming changes in CARES; and (b) \$250,000 (\$125,000 GPR and \$125,000 FED) in 2007-08 and \$500,000 (\$250,000 GPR and \$250,000 FED) in 2008-09 to increase county income maintenance contracts to support additional work county staff would incur to implement a new income verification policy for these recipients. The new policy will use automated third party data exchanges when current information is available or it would require an applicant to supply documentation when a data exchange is not available.

Reduce funding for MA benefits by \$546,400 (-\$232,500 GPR and -\$313,900 FED in 2007-08 and \$6,712,300 (-\$2,866,800 GPR and -\$3,845,500 FED) in 2008-09 to reflect the projected savings that will result from implementing the new income verification procedures. This item assumes an implementation date of January, 2008.

MA Deductible Policy Modifications. Provide: (a) \$100,000 (\$50,000 GPR and \$50,000 FED) in 2007-08 to make one-time programming changes in CARES; and (b) \$50,000 (\$25,000 GPR and \$25,000 FED) in 2007-08 and \$100,000 (\$50,000 GPR and \$50,000 FED) in 2008-09 to increase county income maintenance contracts to support additional work county staff will incur to reflect changes to the MA deductible policy. DHFS will establish reasonable limits on allowable individual medical and remedial expenses and only allow insurance premiums to be counted toward the deductible once the premiums is paid, instead of on a prospective basis, as under current policy.

Reduce funding for MA benefits by \$765,000 (-\$325,500 GPR and -\$439,500 FED in 2007-08 and \$1,500,000 (-\$640,700 GPR and -\$859,400 FED) in 2008-09. This item assumes an implementation date of January, 2008.

Income Maintenance Payment Accuracy Consultants. Provide \$245,400 (\$122,700 GPR and \$122,700 FED) in 2007-08 and \$490,800 (\$245,400 GPR and \$245,400 FED) in 2008-09 to maintain funding for consultants that currently conduct activities to improve payment accuracy for Wisconsin's FoodShare program, and to expand their responsibilities to include improving payment accuracy for the MA program. Funding for these consultants, which was initially provided with GPR funds under an agreement with the U.S. Department of Agriculture as part

of a food stamp reinvestment plan, will no longer be available after September, 2007.

Reduce funding for MA benefits by \$750,000 (-\$319,100 GPR and -\$430,900 FED) in 2007-08 and \$1,500,000 (-\$640,700 GPR and -\$859,400 FED) in 2008-09 to reflect projected savings that will result by using these consultants to improve accuracy in MA eligibility determinations.

2. INCOME MAINTENANCE -- CITIZENSHIP AND IDENTITY VERIFICATION

GPR	\$754,600
FED	754,600
Total	\$1,509,200

Provide \$754,600 (\$377,300 GPR and \$377,300 FED) annually to fund costs DHFS expects county and tribal income maintenance agencies to incur to implement new federal citizenship and identity documentation requirements included in the federal Deficit Reduction Act (DRA) of 2005 (P.L. 109-171).

Modify state MA eligibility provisions to require each MA, BadgerCare, and SeniorCare applicant or recipient who declares himself or herself to be a citizen or national of the United States to provide, as a further condition of eligibility, satisfactory documentary evidence, as specified in federal regulations, that he or she is a citizen or national of the United States. Require each applicant to provide the documentation at the time of application. Specify that if a recipient was not required to provide documentation at the time he or she applied, the recipient is required to provide the documentation the first time his or her eligibility is reviewed or redetermined after the act's general effective date. Provide that an applicant or recipient must be granted a reasonable time, as determined by DHFS, to submit the documentation before his or her eligibility is denied or terminated.

Specify that these requirements would apply to all MA applicants and recipients, except: (a) an applicant or recipient who is entitled to benefits under, or enrolled in, any part of Medicare; (b) an applicant or recipient who receives supplemental security income (SSI); (c) certain aliens that receive limited MA-funded emergency services; (d) a child under the age of one who is eligible for MA because the child's mother was eligible as a pregnant woman with family income that did not exceed 185% of the federal poverty level, and the child continues to live with the mother; and (e) a pregnant women is eligible for MA due to a presumptive eligibility determination.

The DRA imposed a new requirement for MA clients and applicants to provide documentation of both their U.S. citizenship and identity to receive MA, BadgerCare, SeniorCare benefits. Prior to the enactment of the DRA, counties and tribes did not verify the citizenship and identity of applicants except in cases where information provided by an applicant appeared questionable. Interim federal regulations specify the procedure that IM staff must follow to verify each application. For proof of citizenship, applicants and recipients must provide a passport, certificate of naturalization, or proof of birth overseas to a U.S. diplomat. If they cannot produce any of those items, they must provide a birth certificate. For proof of identity, they must provide a driver's license, state-issued identification card, or school-issued identification card.

Current clients, including children, must produce the documentation at their next annual eligibility review, and new applicants must do so with their applications. If an applicant or current recipient cannot provide the required documents due to inability to pay for the documents, the local agencies are required to pay for the documents.

This item provides funding to support county and tribal income maintenance staff workload to document citizenship and identity for an estimated 120,000 MA applicants per year and to pay for birth certificates or identity cards for approximately 4,500 applicants who may not be able to purchase those documents. This item also provides counties \$76,500 (\$38,300 GPR and \$38,200 FED) to pay for birth certificates or identity documentation for the new applicants who may not be able to pay for the documents.

[Act 20 Section: 1678]

3. INCOME MAINTENANCE FUNDING -- PUBLIC UTILITY BENEFITS

SEG	- \$1,909,000
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Reduce funding by \$954,500 annually to delete funding that was provided in 2005 Act 25 on a one-time basis from the segregated public utility public benefits fund to support income maintenance contracts in calendar year 2006. Act 25 repealed the appropriation, effective June 30, 2007.

4. ELIGIBILITY DETERMINATIONS -- EXEMPTION FROM SSN REQUIREMENT

Exempt an individual who applies for MA, BadgerCare, and SeniorCare who refuses to obtain a social security number (SSN) because of well-established religious objections, as defined in federal law, from the requirement that he or she provide proof of their social security numbers or that an application for a social security number has been made. Specify that this provision would first apply to applications received on the act's general effective date.

Previously, there were two exceptions to the SSN requirement: (a) a child who is under one year of age and who is born to a pregnant woman eligible for MA; and (b) an unborn child who receives prenatal care benefits under BadgerCare.

[Act 20 Sections: 1673, 1674, and 9321(8)]

5. FOODSHARE EMPLOYMENT AND TRAINING PROGRAM

	Funding	Positions
GPR	- \$709,200	0.00
FED	- 709,200	1.00
Total	- \$1,418,400	1.00

Modify the FoodShare employment and training program (FSET) as follows.

Make the Program Voluntary. Reduce funding by \$709,200 (-\$354,600 GPR and -\$354,600 FED) annually to reflect projected reductions in state and county costs of administering the FoodShare employment and training (FSET) program by making the program voluntary. This item includes: (a) reducing funding for contracted services that are provided under the program (-\$250,000 GPR and -\$250,000 FED annually); and (b) reducing funding for state costs of administering the program (-\$104,600 GPR and -\$104,600 FED annually).

The FSET program provides services for underemployed and unemployed FoodShare recipients to assist them in obtaining employment. While some FSET participants are required to complete employment plans as a condition of receiving FoodShare benefits, others may volunteer to participate in the program, but are not subject to FoodShare benefits sanctions if they fail to participate in the program. By making the program voluntary, enrollees would no longer be sanctioned for noncompliance with the program's work requirements. FoodShare benefits are funded entirely with federal funds the state receives from the U.S. Department of Agriculture. Wisconsin currently has a waiver that exempts certain FoodShare recipients from work requirements specified under federal law.

Position Transfer. Provide 1.0 FED position, beginning in 2007-08, to reflect the transfer of the FSET program from DWD to DHFS, effective January 1, 2008. Transfer funding from supplies and services (\$39,300 annually), which DHFS currently uses to support the position in DWD, to instead fund salary and fringe benefits costs for the position in DHFS.

The provisions in the act that would transfer the program are summarized under "Workforce Development -- Economic Support and Childcare."

6. FOODSHARE ELIGIBILITY -- NONCOMPLIANCE WITH CHILD SUPPORT REQUIREMENTS

Repeal provisions that make certain individuals ineligible for FoodShare benefits due to their noncompliance with child support enforcement requirements.

The following individuals are currently ineligible for FoodShare benefits, but would not lose their eligibility for these benefits under the act: (a) a custodial parent of a child under the age of 18 with an absent parent who does not fully cooperate in good faith with efforts to establish the paternity of a child or to establish or enforce a child support order; (b) a man alleged to be a father who refuses to cooperate in efforts to establish the paternity of a child; (c) a noncustodial mother of a child under the age of 18 who refuses to cooperate in efforts directed at establishing the paternity of a child; (d) a noncustodial parent of a child under the age of 18 who refuses to participate in providing or obtaining child support; and (e) an individual obligated by court order to pay child support and is delinquent in making those court-ordered payments.

[Act 20 Sections: 1662 thru 1666]

7. MA FALSE CLAIM RECOVERIES

GPR	- \$1,926,900
FED	<u>1,483,600</u>
Total	- \$443,300

Reduce GPR funding for MA benefits by \$580,900 and increase FED funding for MA benefits by a corresponding amount in 2007-08 and reduce funding for MA benefits by \$443,300 (-\$1,346,000 GPR and \$902,700 FED) in 2008-09 to reflect the estimated net effect of provisions enacted as part of the federal Deficit Reduction Act of 2005 (DRA) relating to MA false claims recoveries.

Under the DRA, if a state has a qualifying false claims statute, the federal MA matching rate with respect to any amounts recovered under a state action brought under the law is decreased by 10%. This change permits states to retain a greater share these recoveries. This item assumes that the state will retain a greater share of approximately 2.5% of recoveries in 2007-08 and 5.0% of recoveries in 2008-09.

Civil Suits on Behalf of the State. Specify that an individual that does any of the following would be liable to the state for at least \$5,000 but not more than \$10,000, plus three times the amount of damages sustained by the MA program: (a) knowingly presenting or causing the presentation of a false claim for MA; (b) knowingly making, using or causing a false record or statement to obtain approval or payment of a false claim for MA; (c) conspiring to defraud the state by obtaining allowance or payment of a false claim for MA, or by knowingly making or using, or causing to be made or used, a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the MA program; (d) knowingly making, using, or causing to be made or used a false record or statement to conceal, avoid, or decrease any obligation to pay or transmit money or property to the MA program; and (h) benefiting from the submission of a false claim for MA to any officer, employee, or agent of the state, for MA, knowing that the claim is false, and failing to disclose the false claim to the state within a reasonable time after becoming aware of the false claim.

Allow a court to assess between two and three times the amount of the damages sustained by the state to a person found responsible for such a violation, but specify that the a forfeiture would not be assessed if all the following apply: (a) the person who commits the act, within 30 days, furnishes the Attorney General with all information known to the person about the false claim acts; (b) the person fully cooperates with any investigation of the acts; and (c) when the person supplies information to the Attorney General, no criminal prosecution or civil or administrative enforcement action had begun regarding the false claim, and the person had no knowledge about an existing investigation into such an act.

Allow individuals to bring suit on behalf of the state (a *qui tam* plaintiff). Require the plaintiff to provide a copy of the complaint to the Attorney General, disclosing substantially all material evidence and information known to the plaintiff. Specify that the complaint would also be provided to the court *in camera* (outside of a court session). Require that files be sealed for 60 days from the date of filing, and not be provided to the defendant until ordered by a court.

Require the Department of Justice to investigate possible false claims against the state. Provide that, within 60 days from the date served, the Attorney General may intervene in the

action. Permit the Attorney General, for good cause, to ask a court to seal the complaint for a longer period. Require the Attorney General to do one of the following while the file is sealed: (a) proceed with an alternate remedy under an administrative proceeding, which would be prosecuted by the state; or (b) notify the court that action will not be taken by the Attorney General, allowing the original plaintiff to precede with the action. Under an alternative remedy of an alleged false claim, the Attorney General could conduct an administrative proceeding to assess a civil forfeiture. Under such a case, the plaintiff would have the same rights as under a court proceeding. Specify that this provision would be exempted from the current statutes regarding the commencement of a civil procedure. Previously, a civil action commenced when a summons of the complaint naming the defendant was filed with the court.

Specify that, if the action is valid, only the plaintiff or the state may intervene or bring legal action while the original action is pending. If the Attorney General seeks an alternative remedy, the plaintiff is required to prove all essential elements of the cause of the action or complaint, including damages by a preponderance of the evidence. If the state acts on the case, as brought forward by the plaintiff, then the plaintiff would remain as a party in the complaint. However, the state would not be limited to actions brought by the plaintiff. If an alternative remedy is sought, the state would have the primary responsibility in the prosecution. Permit the state to move for dismissal of the action for good cause, notwithstanding an objection from the plaintiff, if all the following apply: (a) the state is a party to the suit; (b) the plaintiff was served a copy of the state's motion; and (c) the plaintiff is provided an opportunity to oppose the motion before a court or the administrative agency before the proceeding is conducted.

Allow the Attorney General to compromise and settle an action before a court or an administrative proceeding to which the state is a party, notwithstanding an objection of the plaintiff, if the following apply: (a) the Governor approves; (b) the plaintiff is granted a hearing in which he or she can present evidence in opposition to the settlement; and (c) the settlement is fair, reasonable and adequate considering the relevant circumstances pertaining to the violation.

Participation in the Proceeding. Permit a court to restrict participation by the plaintiff, if the state shows that the plaintiff would interfere or unduly delay the prosecution of the action or proceeding, or would result in consideration of repetitious or irrelevant evidence or evidence presented for the purposes of harassment. Allow a court to limit the following if such restrictions are found to be warranted: (a) the number of witnesses the plaintiff may call; (b) the length of the testimony of the witnesses; (c) the cross-examination of the witnesses; and (d) the participation of the plaintiff in the prosecution of the action or the proceeding. In cases where the state is a party, allow the defendant to petition the court to restrict the role of the plaintiff in the case or proceeding if the actions of the plaintiff would result in harassment or would cause the defendant undue burden or unnecessary expense. Specify that the court would review the false claim provisions in determining who could participate in the case, rather than previous law civil procedures that dictate mandatory and discretionary intervention [under Chapter 803 of the statutes].

If the state does not participate in an action, allow the Attorney General to request copies of all pleadings and deposition transcripts, at the cost of the state. If the plaintiff initiates

prosecution of the action, a court, without limiting the status and rights of that person, would be allowed to permit the state to intervene at a later date if the state shows good cause for the proposed intervention.

Specify that if the Attorney General, in an out-of-court proceeding, shows that the proceeding would interfere with the state's ongoing investigation or prosecution of a criminal or civil matter arising out of the same facts, a court could stay such discovery in whole or in part for a period of not more than 60 days. Permit a court to extend the period of any such stay upon further showing by the Attorney General that the state has pursued the criminal or civil investigation of the matter with reasonable diligence and the proposed discovery in the action brought under the false claim proceeding would interfere with the ongoing criminal or civil investigation or prosecution.

Exempt the discovery provision from the normal scope of discovery in civil cases. Previously, parties could obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action, whether it relates to the claim or defense of the party seeking discovery or to the claim or defense of any other party, including the existence, description, nature, custody, condition and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of any discoverable matter.

Provide that a judgment of guilty entered in a criminal action, in which the defendant is charged with fraud or making false statements, would prevent the defendant from denying the essential elements as the offense in a false claim proceeding, if the cases involve the same elements of criminal action.

Payments to the Plaintiff. Specify that if the state goes forward in either a court proceeding or an administrative proceeding, then the plaintiff is entitled to at least 15% but no more than 25% of the proceeds of the action or settlement of the claim depending on the plaintiff's contribution. If the state does not proceed in the case then the plaintiff is eligible for 25% to 30% of the proceeds of an action against the defendant.

Provide that the plaintiff is also eligible for reasonable expenses necessary in bringing action together with the person's costs and reasonable actual attorney fees. The fees would be determined by the court or other adjudicator. The state would not be responsible for any of the expenses incurred by a plaintiff.

Specify that an individual, other than the plaintiff, that discloses specific information that is the primary evidence against the defendant, then that individual would be entitled to as much as 10% of the proceeds of the action or the settlement, depending on the significance of the information provided.

Specify that if it is determined that the plaintiff is also the individual that planned or initiated the violation being reviewed by the proceeding, then the court may reduce the share of the awards to the plaintiff. If that person is also convicted for criminal conduct, a court or other adjudicator may also dismiss the person as a party and deny any payments to the individual.

Miscellaneous Provisions. Specify that no court would have jurisdiction over an action brought by a private person in a false claim case against a state public official if the action is based on information known to the Attorney General at the time of the action. Further, provide that no person could bring action in a false claim case based on allegations or transactions that are the subject to civil action or an administrative proceeding to assess a civil forfeiture in which the state is a party if the action or proceeding was commenced prior to the date that the action is filed.

Provide that a false claim could be dismissed only by order of a court. A court would be allowed to take into account the best interest of the parties and the requirements of the false claim provisions. Previously, a court could dismiss an action without an order of the court.

Specify that a false claim action may be commenced within 10 years of the cause of the action or claim. Further specify that this provision applies to all false claims that are within the 10-year statute of limitation, even if the action occurred before the provision is approved.

Specify that the remedies created in the act are in addition to any other remedy provided under law or common law. Further specify that the provisions be liberally construed and applied to promote the public interest and the interests of the federal government relating to claims of the U.S. government, claims against the U.S. government, procurement protests, accounting and collections and audits and settlements.

Protections for State Employees. Provide that any state employee who is discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against by his or her employer at a state agency or authority due to lawful actions taken by the employee, on behalf of the employee, or by others in furtherance of an action or claim filed under this provision, including investigation for, initiation of, testimony for, or assistance in an action or claim filed under the false claim provisions would be entitled to all necessary relief to make the employee whole. Such relief would in each case include the following: (a) reinstatement with the same seniority status that the employee would have had but for the discrimination; (b) two times the amount of back pay; (c) interest on the back pay at the legal rate; and (d) compensation for any special damages sustained as a result of the discrimination, including costs and reasonable actual attorney fees. Allow an employee to bring an action to obtain the relief to which the employee is entitled under this subsection.

Effective Date. Specify that these new penalty provisions would first apply to all claims presented or caused on and after the general effective date of the biennial budget act.

[Act 20 Sections: 635, 1629m, 2902, 2904, 3751, 3753 thru 3756, 3775, and 9329(2)]

8. PROVIDER AUDITS

Reduce funding by \$673,200 (-\$334,100 GPR and -\$339,100 FED) in 2007-08 and \$941,200 (-\$459,300 GPR and -\$481,900 FED) in 2008-09 to reflect the net effect of: (a) funding 5.0 additional nurse

	Funding	Positions
GPR	- \$793,400	1.25
FED	- 821,000	3.75
Total	- \$1,614,400	5.00

auditor positions (1.25 GPR positions and 3.75 FED positions), beginning in 2007-08, to increase the number of specialized audits and to conduct additional MA provider audits within the Bureau of Health Care Program Integrity; and (b) estimated benefits savings to the MA program of conducting these additional audits.

Positions. Provide \$340,300 (\$95,800 GPR and \$244,500 FED) in 2007-08 and \$410,200 (\$106,100 GPR and \$304,100 FED) in 2008-09 to reflect the cost of providing 5.0 additional nurse auditor positions to conduct MA provider audits. As skilled medical professional personnel, 75% of the costs of these positions would be supported with federal MA matching funds. The Bureau currently employs 10.5 financial auditors and 8.0 nurse auditors.

Benefits Savings. Reduce MA benefits funding by \$1,013,500 (-\$429,900 GPR and -\$583,600 FED) in 2007-08 and by \$1,351,400 (-\$565,400 GPR and -\$786,000 FED) in 2008-09 to reflect estimates of savings that would be realized through reductions in improper MA payments and increases in recoveries in improper payments, based on current estimates of the average amount of detection and recoveries for which each current auditor position is responsible (approximately \$270,300 per year per position).

9. MEDICAID THIRD PARTY LIABILITY

GPR	- \$192,500
FED	- 280,800
Total	- \$473,300

Reduce funding for MA and BadgerCare benefits by \$473,300 (-\$192,500 GPR and -\$280,800 FED) in 2008-09 to reflect projected net savings of implementing new third party liability (TPL) requirements included in the federal Deficit Reduction Act of 2005 [P.L. 109-171 (DRA)]. The DRA requires self-insured plans (health benefits plans previously exempt under the Department of Labor's Employee Retirement Income Security Act of 1974), managed care organizations, pharmacy benefits managers, and "other parties that are, by statute, contract, or agreement, legally responsible for payment of a claim for a health care item or service" to submit policy and coverage information to state MA programs. State statutes require DHFS to reimburse insurance companies for the reasonable cost of providing the required information. DHFS expects that the additional information will enable the MA program to identify more cases in which private insurers or other entities are liable for the cost of care for MA and BadgerCare recipients.

Benefits. Reduce funding for MA and BadgerCare benefits by \$533,300 (-\$222,500 GPR and -\$310,800) in 2008-09 to reflect projected savings in benefits costs.

Reimbursements. Provide \$60,000 (\$30,000 GPR and \$30,000 FED) in 2008-09 for DHFS to reimburse companies for the additional costs they will incur in providing coverage information.

Statutory Provisions

Definitions. Define a "covered entity" as any of the following that is not an insurer: (a) a nonprofit hospital, as defined by statute; (b) an employer, as defined in statute, labor union, or other group of persons organized in this state if the employer, labor union, or other group provides prescription drug coverage to covered individuals who reside or are employed in this

state; and (c) a comprehensive or limited health care benefits program administered by the state that provides prescription drug coverage.

Define a "covered individual" as an individual who is a member, participant, enrollee, policyholder, certificate holder, contract holder, or beneficiary of a covered entity, or a dependent of the individual, and who receives prescription drug coverage from or through the covered entity.

Define "pharmacy benefits management" as the procurement of prescription drugs at a negotiated rate for dispensation in this state to covered individuals; the administration or management of prescription drug benefits provided by a covered entity for the benefit of covered individuals; or any of the following services provided in the administration of pharmacy benefits: (a) dispensation of prescription drugs by mail; (b) claims processing, retail network management, and payment of claims to pharmacies for prescription drugs dispensed to covered individuals; (c) clinical formulary development and management services; (d) rebate contracting and administration; and (e) conduct of patient compliance, therapeutic intervention, generic substitution, and disease management programs.

Define a "pharmacy benefits manager" as a person that performs pharmacy benefits management functions.

Define a "recipient" as an individual or his or her spouse or dependent who has been or is one of the following: (a) an MA recipient or a recipient of a program administered under a waiver of federal MA laws; (b) a Family Care enrollee; (c) a BadgerCare enrollee; (d) an individual who receives benefits for the treatment of kidney disease, cystic fibrosis aids, or hemophilia services under the state's disease aids program; (e) a SeniorCare recipient; and (f) a woman who receives services that are reimbursed under the Wisconsin well-woman program.

Define a "third party" as an entity that by statute, rule, or contract is responsible for payment of a claim for a health care item or service, including all of the following: (a) an insurer; (b) an employee benefit plan as defined by federal law that is not exempt under federal law and is not a multiple employer welfare arrangement; (c) a service benefit plan, as specified in federal law; and (d) a pharmacy benefits manager.

Change current statutory references from "insurers" to "a third party" with regard to providing DHFS with requested information, and provide that if a third party other than an insurer fails to comply with disclosure and accepting assignment, as defined above, DHFS could notify the Attorney General.

Third Party Requirements. Require, as a condition of doing business in Wisconsin, a third party to do all of the following:

a. Upon DHFS' request and in the manner prescribed by DHFS, provide information to DHFS necessary for DHFS to ascertain all of the following with respect to a recipient: (1) whether the recipient is being, or has been provided coverage or a benefit or service by a third

party; and (2) if so, the nature and period of time of any coverage, benefit, or service provided, including the name, address, and identifying number of any applicable coverage plan;

b. Accept assignment to DHFS of a right of a recipient to receive third-party payment for an item or service for which payment under MA has been made and accept DHFS' right to recover any third-party payment made for which assignment has not been accepted;

c. Respond to an inquiry by DHFS concerning a claim for payment of a health care item or service if DHFS submits the inquiry less than 36 months after the date on which the health care item or service was provided;

d. If all of the following apply, agree not to deny a claim submitted by DHFS under (b) solely because of the claim's submission date, the type or format of the claim form, or failure by a recipient to present proper documentation at the time of delivery of the service, benefit, or item that is the basis of the claim: (1) DHFS submits the claim less than 36 months after the date on which the health care item or service was provided; and (2) action by the DHFS to enforce DHFS' rights with respect to the claim is commenced less than 72 months after DHFS submits the claim.

Sharing Information. Require DHFS to provide to the Department of Workforce Development (DWD), for purposes of the medical support liability program, any information that DHFS receives under these provisions. Permit DWD to allow a county child support agency or a tribal child support agency access to the information, subject to the use and disclosure restrictions defined in statute, and require DWD to consult with DHFS regarding procedures and methods to adequately safeguard the confidentiality of the information provided under these provisions.

Require DHFS to obtain and share information about BadgerCare recipients, Family Care recipients, individuals who receive benefits under the disease aids program, SeniorCare recipients, and individuals who receive benefits under the Wisconsin Well-Woman program.

Finally, require DHFS to obtain and share information about Family Care recipients in the same manner as currently provided in the statutes for MA recipients.

[Act 20 Sections: 395, 1017, 1610 thru 1625, 1642, 1650, 1655, and 3067]

10. MEDICARE-MEDICAL ASSISTANCE FRAUD DETECTION

Reduce MA benefits funding \$260,400 (-\$119,700 GPR, -\$160,500 FED and \$19,800 PR) in 2008-09 to reflect projected savings in MA benefits costs that would result from better coordinating Medicare and MA program integrity activities. Under federal law, the MA program must have the capacity to detect and investigate suspected fraud, waste, and abuse within the program. This function is currently provided by the provider compliance audit program through the Bureau of Health Care Program Integrity and is limited to MA claims only. Currently, the MA program is unable to review claims

GPR	-\$119,700
FED	- 160,500
PR	19,800
Total	-\$260,400

submitted to and paid by the Medicare program. Under this item, DHFS will contract with an entity on a contingency fee basis (\$19,800 PR in 2008-09) to conduct Medicare-MA billing comparisons and identify and recover overpayments.

11. FEDERAL MA ADMINISTRATION FUNDS FOR THE BOARD ON AGING AND LONG-TERM CARE

FED	\$259,800
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Provide \$124,000 in 2007-08 and \$135,800 in 2008-09 in federal MA administration matching funds, which DHFS would transfer to the Board on Aging and Long-Term Care (BOALTC) to partially support items in the act that would expand the Board's volunteer ombudsman program and increase ombudsman services as part of the proposed expansion of Family Care. The state's match for these federal funds (\$124,000 GPR and \$135,800) would be budgeted in the Board's budget. Support costs associated with the Board's expansion of its volunteer ombudsman program, and the provision of ombudsman services to elderly recipients of the Family Care benefit. Because the Board provides ombudsman services to MA recipients, in addition to private pay long-term care consumers, DHFS can claim a portion of the costs of the Board's ombudsman program as an eligible MA administration cost.

12. PERFORMANCE-BASED CONTRACTS -- AUTHORITY TO EXPEND REVENUE TO SUPPORT COLLECTIONS AND RECOVERY COSTS

Modify a current program revenue appropriation, which receives moneys the state collects from the MA estate recovery program and supports costs relating to the estate recovery program, payments to the federal government for its share of MA benefits recovered, and to partially support the state's share of MA benefits, to: (a) also include, as a revenue source to the appropriation, all moneys DHFS receives as collections, and other recoveries from providers, drug manufacturers, and other third-parties under MA performance-based contracts; and (b) authorize DHFS to expend funding from the appropriation for costs related to collections and other recoveries.

[Act 20 Section: 391]

Health

1. VITAL RECORDS FEES

PR-REV	\$6,927,800
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Increase estimated program revenue by \$2,958,500 in 2007-08 and by \$3,969,300 in 2008-09 by increasing several vital records fees as follows: (a) increase the fee for one certified copy or one uncertified copy of a birth certificate from \$12 to \$20; (b) increase the fee for one certified

copy or one uncertified copy of a death, marriage, or divorce record from \$7 to \$20; and (c) increase the fee for expedited services from \$10 to \$20. Require the state registrar and any local registrar to forward to the DOA Secretary the full amount of the increase in these fees for deposit in the DHFS vital records program revenue appropriation. Specify that these fee increases would sunset on July 1, 2010. The act does not increase DHFS' PR appropriation to expend additional revenue from the fee increases. However, DHFS could seek authority under s. 16.515 of the statutes to expend these revenues for the vital records automation project.

[Act 20 Sections: 1918g thru 1918s, and 9421(9w)]

2. GRANTS FOR COMMUNITY HEALTH CENTERS

GPR	\$3,000,000
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Increase funding to support community health centers by \$3,000,000, beginning in 2008-09. Funding for these grants in the 2005-07 biennium was \$3,000,000 GPR annually.

3. GRANTS FOR COMMUNITY HEALTH CENTERS -- HEALTHNET OF JANESVILLE, INC.

GPR	\$50,000
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Provide an additional \$25,000 annually to HealthNet of Janesville, Inc. to provide health care services to uninsured and low-income residents of Rock County. HealthNet of Janesville, Inc. is a free clinic that serves uninsured individuals with household incomes at or below 185% of the federal poverty level. Under prior law, DHFS provided \$25,000 annually to support HealthNet of Janesville, Inc. This item increases the statutory annual allocation to this clinic to \$50,000.

[Act 20 Section: 3033r]

4. DENTAL HEALTH -- COMMUNITY CONNECTIONS FREE CLINIC IN DODGEVILLE

GPR	\$35,000
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Provide \$17,500 in 2007-08 and \$17,500 in 2008-09 in one-time funding to the Community Connections Free Clinic in Dodgeville to provide dental services to low-income residents of Iowa County and surrounding areas.

[Act 20 Sections: 403r and 9121(8x)]

5. POISON CONTROL PROGRAM

GPR	\$100,000
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Increase funding for the statewide poison control program by \$50,000 annually to increase funding for public education activities. DHFS has implemented a statewide poison control system that provides poison control services available statewide on a 24-hour per day and 365-day per year basis, and that provides poison information and education to health care professionals and the public. Funding for the program is used to support the activities of the

Wisconsin Poison Center, which is also supported by Children's Hospital of Wisconsin. Funding for the statewide poison control program in the 2005-07 biennium was \$375,000 GPR annually. This items increases the statutory annual allocation to \$425,000.

[Act 20 Section: 2869h]

6. HIV/AIDS PROGRAMS AND HIRSP PILOT PROGRAM

GPR	\$1,221,600
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Provide \$400,000 in 2007-08 and \$821,600 in 2008-09 to increase funding for grants to AIDS service organizations under the Mike Johnson life care and early intervention services grant program (\$400,000 in 2007-08 and \$1,000,000 in 2008-09), and to reflect the net fiscal effect of revised cost estimates for the HIV/AIDS drug assistance program (ADAP) and the insurance premium subsidy program. ADAP reimburses pharmacies for certain drugs they provide to program enrollees. To be eligible for ADAP, an individual must: (a) be a state resident; (b) live in a family with income that does not exceed 300% of the federal poverty level (FPL); (c) have a physician certify that they have an HIV infection; and (d) have no or insufficient insurance coverage. The insurance premium subsidy program subsidizes the cost of insurance premiums under group and individual health insurance policies for Wisconsin residents in families with incomes that do not exceed 300% of the FPL, and who are unable to continue their employment or who must reduce their work hours because of an illness or medical condition related to their HIV infection, and for Wisconsin residents in families with incomes that do not exceed 300% of the FPL who are on unpaid medical leave from their employment because of an illness or medical condition related to their HIV infection and who are covered by a group health insurance plan through their employer for which they pay part or all of the premium.

Direct DHFS to conduct a three-year pilot program, beginning January 1, 2008, and which will be open to a minimum of 100 participants (with more participants if DHFS determines it is cost effective to do so), under which DHFS will pay premiums for coverage under the health insurance risk-sharing plan (HIRSP) and pay copayments under HIRSP for drugs approved for reimbursement under ADAP, for individuals who satisfy the following additional eligibility requirements: (a) they are currently taking antiretroviral drugs; (b) they do not have health insurance coverage; and (c) they are not eligible for health insurance premium subsidies under the HIV/AIDS insurance premium subsidy program because they are not on unpaid medical leave, are not unable to continue employment, and have not had to reduce their employment hours because of an illness or medical condition arising from or related to HIV. Permit DHFS to promulgate rules for the administration of the pilot program, and authorize DHFS to promulgate these rules as emergency rules without a finding of emergency. Modify the current GPR appropriation for AIDS/HIV services to authorize DHFS to pay for premiums and drug copayments under the pilot program.

Modify statutes pertaining to the Mike Johnson life care and early intervention services grants as follows: (a) authorize DHFS to award not more than \$2,969,900 in grants in fiscal year 2007-08; and (b) authorize DHFS to award not more than \$3,569,900 in grants in fiscal year 2008-09 and each fiscal year thereafter. Further, specify that: (1) none of the funds appropriated for

such grants may be used to fund AIDS programs, or to develop materials, designed to promote or encourage, directly, intravenous drug use or sexual activity, whether homosexual or heterosexual; (2) none of the funds appropriated for grants may be used for political purposes; and (3) funds appropriated for such grants must be used to provide medical care and support services for individuals with HIV.

Require DHFS to determine the feasibility of modifying the pilot project whereby the cost of drugs for individuals in the pilot program, and for which reimbursement may be provided under ADAP, would continue to be paid for under ADAP, and HIRSP would reimburse ADAP for the drug costs paid by ADAP as provided under any such modification. Require DHFS to submit a report with its conclusions to the Joint Committee on Finance no later than January 1, 2008.

[Act 20 Sections: 402, 1646, 2883, 2884, 3035r, 3035s, and 9121(7p)]

7. HIV/AIDS PROGRAMS -- BLACK HEALTH COALITION OF WISCONSIN, INC.

Require DHFS to provide \$100,000 FED in 2007-08 as a one-time grant to the Black Health Coalition of Wisconsin, Inc. to provide HIV infection outreach, education referral, and other services. The source of the federal funds is funding the state receives under the Ryan White Comprehensive AIDS Resources Emergency Act of 1990 Part B grant funds.

[Act 20 Section: 9121(9p)]

8. INFANT MORTALITY PROJECT

GPR	\$500,000
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Provide \$250,000 annually for DHFS to distribute to the city health department (Racine) in a county with a population of at least 190,000 but less than 230,000 to provide a program of services to reduce fetal and infant mortality. Under the program, the city health department will directly or by contract do all of the following in or behalf of areas of the county that are encompassed by the zip codes 53402 to 53406 and that are at risk for high fetal and infant mortality and morbidity, as determined by DHFS:

- a. Collaborate with faculty in the health disciplines of an academic institution and with a hospital that serves significant populations at high risk for poor birth outcomes, including low birth weights, prematurity, and gestational diabetes, to identify and implement best practices and evidenced-based practices to reduce fetal and infant mortality and morbidity;
- b. Identify necessary pre-conception, prenatal, and postnatal services and assess the availability of these services for women in the areas who lack insurance coverage or who are Medicaid or BadgerCare recipients;
- c. Develop and implement models of care for all women in the areas who meet risk criteria, as specified by DHFS, and provide comprehensive prenatal and postnatal care

coordination and other services, including home visits by registered nurses who are public health nurses or who meet the qualifications of public health nurses, as specified in statute, or social workers, as defined in statute;

d. Conduct social marketing, including outreach assuring health care access, public awareness programs, community health education programs, and other best practices and evidence-based practices, to reduce fetal and infant mortality and morbidity;

e. Evaluate the quality and effectiveness of the services provided under paragraphs c. and d., above, and

f. Prepare a report on fetal and infant mortality and morbidity in areas of the county that are encompassed by the zip codes 53402 to 53406, which will be derived, in part, from a multi-disciplinary review of all fetal and infant deaths in the relevant year and specify causation found for the mortality or morbidity. Require the city health department to submit the report to all of the following: (1) the City of Racine; (2) DHFS; (3) the Legislature in the manner provided by statute; and (4) the Governor.

[Act 20 Sections: 405e and 9121(6d)]

9. PAYMENT OF MEDICARE PART D PREMIUMS UNDER THE HIV/AIDS INSURANCE PREMIUM SUBSIDY PROGRAM

Authorize DHFS to pay insurance premiums for coverage under Medicare Part D for persons enrolled in the HIV/AIDS insurance premium subsidy program.

The HIV/AIDS insurance premium subsidy program subsidizes the cost of insurance premiums under group and individual health insurance policies for Wisconsin residents with HIV/AIDS in families with incomes that do not exceed 300% of the FPL who are: (a) unable to continue their employment or who must reduce their work hours because of an illness or medical condition related to their HIV infection; or (b) on unpaid medical leave from their employment because of an illness or medical condition related to their HIV infection and who are covered by a group health insurance plan through their employer for which they pay part or all of the premium.

Under prior law, the HIV/AIDS insurance premium subsidy program was prohibited from paying health insurance premiums for coverage under the federal Medicare program. The act authorizes the program to pay Medicare Part D insurance premiums on behalf of program enrollees.

[Act 20 Sections: 3037 and 3038]

10. DISEASE AIDS

Reduce funding by \$346,900 (-\$314,600 GPR and -\$32,300 PR) in

GPR	- \$190,800
PR	- 36,800
Total	- \$227,600

2007-08 and increase funding by \$119,300 (\$123,800 GPR and -\$4,500 PR) in 2008-09 to fully fund the projected cost of services under the Wisconsin chronic diseases program (WCDP), also known as the disease aids program. The WCDP provides payments to health care providers for disease-related services for people with chronic renal disease, adult cystic fibrosis, and hemophilia. The program is partially supported by program revenue the state receives from drug manufacturer rebates. Under Act 20, \$4,866,000 (\$4,641,600 GPR and \$224,400 PR in 2007-08 and \$5,332,200 (\$5,080,000 GPR and \$252,200 PR) is budgeted to fund program services.

11. TUBERCULOSIS PROGRAM

GPR	\$92,000
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Provide \$33,600 in 2007-08 and \$58,400 in 2008-09 to fund projected cost increases in the tuberculosis program. Under the program, local health departments may become certified by DHFS as public health dispensaries for the purpose of diagnosing and treating persons suffering from, or suspected of having, tuberculosis. In 2006-07, 24 local agencies will have dispensary status. Certified dispensaries are eligible for reimbursement from DHFS for the cost of tuberculosis-related services they provide, up to the amounts budgeted for the program by the Legislature. DHFS also pays for drugs for the treatment of tuberculosis, as well as for certain inpatient isolation services. Under Act 20, \$425,500 in 2007-08 and \$450,300 in 2008-09 is budgeted for the program.

12. HEALTH SANITARIAN POSITIONS

	Funding	Positions
PR	-\$524,000	- 4.25

Reduce funding by \$262,000 annually and delete 4.25 positions (4.0 public health sanitarian positions and 0.25 office associate position), beginning in 2007-08. The 4.0 health sanitarian positions, which are vacant, previously conducted inspections of food and lodging establishments, and were based in the Department's regional offices in Rhinelander (2.0 positions), Eau Claire (1.0 position) and Green Bay (1.0 position). The administration estimates that program revenues that support state inspections of these establishments will be insufficient to support base program costs in the 2007-09 biennium, as more counties are choosing to perform these functions as local agents of the state.

13. AMERICAN INDIAN HEALTH PROJECTS

Modify provisions relating to the American Indian health projects program by: (a) repealing the requirement that to be eligible for a grant, a project must involve the cooperation of two or more tribes, tribal agencies, inter-tribal organizations or other agencies or organizations; (b) repealing the provision that limits any grant award to 50% of the cost of the project; and (c) authorizing DHFS to award grants for projects designed to provide innovative community-based health care services to American Indians. In addition, modify the prior definition of "tribal agency" from "an agency of the governing body of a tribe" to "an agency created by a tribe." The act makes no change in base funding for program grants (\$120,000 PR

annually supported by Indian gaming revenue).

[Act 20 Sections: 406 and 2851 thru 2861]

14. TRIBAL RELIEF BLOCK GRANT -- MENTAL HEALTH SERVICES

Authorize tribal governing bodies to use relief block grant funds for mental health services, in addition to health care services and treatment services for alcohol and other drug abuse. Prior law permitted tribes to expend relief block grant funds for health care services which were defined as reasonable and necessary emergency and nonemergency medical, surgical, dental, hospital, nursing, and optometric services and to provide alcohol and other drug abuse treatment services.

[Act 20 Section: 1393]

15. TOBACCO USE CONTROL GRANTS

GPR	\$10,000,000
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Increase funding for tobacco use control grants by \$5,000,000 annually. Under the act, a total of \$15,000,000 GPR annually is budgeted for tobacco use control grants.

16. GRANT TO SUPPORT COLPOSCOPY PROGRAM AND ONGOING COSTS FOR SERVING MA RECIPIENTS

GPR	\$175,000
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Provide \$100,000 in 2007-08 and \$75,000 in 2008-09 and each subsequent fiscal year for DHFS to distribute to an entity to provide colposcopic examinations and fund ongoing operational costs for services provided to individuals enrolled in, or eligible for, medical assistance. Create a new GPR-funded biennial appropriation for this purpose. Require DHFS to distribute this funding to an entity that meets the following criteria:

- a. the entity is located in the western or northern Wisconsin public health region of the state as determined by DHFS; and
- b. the entity provides Papanikolaou tests (paper smears) to a patient population of which at least 50% are enrolled in, or are eligible for medical assistance.

[Act 20 Sections: 403m and 2870m]

17. WISCONSIN WELL WOMAN PROGRAM

GPR	\$125,000
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Provide \$62,500 GPR annually to provide additional breast cancer and cervical cancer screenings under the Wisconsin well woman program.

Children and Families

1. TRANSFERS TO THE DEPARTMENT OF CHILDREN AND FAMILIES

	Funding	Positions
GPR	-\$152,944,200	- 151.19
FED	- 211,860,900	- 131.33
PR	<u>- 66,971,900</u>	<u>- 81.40</u>
Total	-\$431,777,000	- 363.92

Reduce funding by \$431,777,000 (-\$152,944,200 GPR, -\$211,860,900 FED, and -\$66,971,900 PR) in 2008-09 and delete 363.92 positions (-151.19 GPR positions, -131.33 FED positions and -81.40 PR positions), beginning in 2008-09, to reflect the transfer of program responsibilities, funding and staff from DHFS to the Department of Children and Families (DCF), which is created in Act 20.

Specify that on July 1, 2008, the following would occur:

a. The assets and liabilities primarily related to the functions of the DHFS' Division of Children and Family Services, child abuse and neglect prevention programs, food distribution and hunger prevention programs, and the women, infants and children (WIC) supplemental food program would become the assets and liabilities of DCF;

b. Classified positions, and incumbent employees holding positions, relating primarily to those programs, as determined by the Secretary of the Department of Administration, (DOA) 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, DHFS would be required, in conjunction with the Department of Workforce Development (DWD), by January 1, 2008, to submit a plan to DOA requesting the transfer of moneys between the appropriations for DHFS, DWD, 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 DHFS, 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 transferred programs, would be transferred to DCF;

f. All contracts primarily related to the functions of the transferred 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 transferred programs would remain in effect until their specified

expiration dates or until amended, repealed, modified, or rescinded by DCF; and

h. Any matter pending primarily related to the functions of the transferred programs would be transferred to DCF and all materials submitted to or actions taken by DHFS with respect to the pending matter would be considered as having been submitted to or taken by DCF.

As part of the transfer, renumber appropriations in the DHFS Division of Children and Family Services so that they would be transferred to the state child welfare and Milwaukee child welfare divisions in DCF. Delete references to children and family services in Chapter 46 ("Social Services") and create identical provisions in Chapter 48 ("Children's Code"), with new references to DCF. Using existing statutes in Chapter 46, create identical provisions in Chapter 49 ("Public Assistance"). Correct and delete obsolete references related to DHFS and to statutory sections related to actions affecting the family.

Agency and Council Attachments. Attach the Child Abuse and Neglect Prevention Board and the Milwaukee Child Welfare Partnership Council to DCF for administrative support services. Currently, the Board and Council are attached to DHFS for this purpose. Transfer the Council on Domestic Abuse from DHFS to DCF.

Community Aids and Income Augmentation Funds. Transfer the child welfare funding sources for community aids to DCF as child and family aids. Counties will receive two basic county allocations (BCAs), which in sum, would equal what counties would have received under the original BCA if the transfer did not take place. Transfer the child welfare revenue collected under the DHFS income augmentation program to DCF. The expenditure of income augmentation revenue would still be subject to the same criteria as under current law.

HIV Prevention Grant Program and Food Pantry Grant Program. Transfer the HIV prevention grant program from the DHFS Division of Children and Family Services to the DHFS Division of Public Health. Repeal the food pantry grant program (for which no funding was budgeted in the 2005-07 biennium).

Other. Change references from "child caring institutions" to "residential care centers," and decrease the maximum amount DHFS may distribute for community social and mental hygiene services from \$3,809,600 to \$3,554,300 to coincide with the change in Title IV-B, Part I grant.

A complete summary of the Governor's proposal to create the Department of Children and Family Services is provided under "Children and Families."

[Act 20 Sections: 343, 829c, 1125, 1125m, 1176d, 1176f, and 1821m]

2. MILWAUKEE CHILD WELFARE

Provide \$5,215,500 (\$2,797,800 GPR, -\$2,783,100 FED, and \$5,200,800 PR) in 2007-08 and \$5,215,500 (\$7,872,100 GPR,

	Funding	Positions
GPR	\$10,669,900	11.27
FED	- 5,509,500	- 11.27
PR	<u>5,270,600</u>	<u>0.00</u>
Total	\$10,431,000	0.00

-\$2,726,400 FED, and \$69,800 PR) in 2008-09 to reflect the net effect of funding changes for activities administered by the Bureau of Milwaukee Child Welfare (BMCW). In addition, convert 11.27 FED positions to GPR, beginning in 2007-08.

Milwaukee Child Welfare Aids. Provide \$5,129,800 (\$1,854,000 GPR, -\$1,779,300 FED, and \$5,055,100 PR) in 2007-08 and \$5,129,800 (\$6,928,300 GPR, -\$1,722,600 FED, and -\$75,900 PR) in 2008-09 to fund projected costs of aids expenses. The federal funding is available under Title IV-E; PR funding is TANF funds transferred from DWD, federal targeted case management funds, and collections. Base funding for Milwaukee child welfare aids is \$83,476,500 (\$34,852,500 GPR, \$16,846,400 FED, and \$31,777,600 PR).

This item: (a) replaces decreasing federal Title IV-E funds with GPR and PR sources (\$900,800 GPR, -\$2,221,200 FED, and \$1,320,300 PR in 2007-08 and \$2,203,700 GPR and -\$2,203,700 FED in 2008-09); (b) supports projected increases in the number of children with special care needs in the out-of-home care population (\$953,200 GPR, \$78,800 FED, and \$1,427,100 PR in 2007-08 and \$2,341,000 GPR and \$118,000 FED in 2008-09); (c) reduces funding for wraparound and safety services, based on projected costs of providing these services (-\$502,200 PR annually); (d) increases funding to support existing contracted services (\$105,500 PR in 2007-08 and -\$320,800 GPR and \$426,300 PR in 2008-09); and (e) increases funding to support ongoing initiatives (\$363,100 FED and \$2,704,400 PR in 2007-08 and \$2,704,400 GPR and \$363,100 FED in 2008-09).

These ongoing initiatives include: (a) case manager salary increases (\$266,500 FED and \$1,012,300 PR in 2007-08 and \$1,012,300 GPR and \$266,500 FED in 2008-09); (b) case manager training expansion (\$500,000 PR in 2007-08 and \$500,000 GPR in 2008-09); (c) case manager and supervisor phase-in (\$96,600 FED and \$366,900 PR in 2007-08 and \$366,900 GPR and \$96,600 FED in 2008-09); (d) University of Wisconsin-Milwaukee master of social work program expansion (\$222,400 PR in 2007-08 and \$222,400 GPR in 2008-09); (e) Milwaukee DA IV-E supplement (\$233,600 PR in 2007-08 and \$233,600 GPR in 2008-09); and (f) training partnership IV-E supplement (\$369,200 PR in 2007-08 and \$369,200 GPR in 2008-09).

Milwaukee Child Welfare Operations. Provide \$85,700 (\$943,800 GPR, -\$1,003,800 FED, and \$145,700 PR annually) to fund BMCW operations. Convert 11.27 FED positions to GPR positions, beginning in 2007-08, to reflect decreasing Title IV-E reimbursement rates. Base funding for Milwaukee child welfare operations is \$18,700,900 (\$10,502,800 GPR, \$6,073,300 FED, and \$2,124,800 PR).

This funding is provided to support: (a) the electronic Wisconsin statewide automated child welfare information system (eWISACWIS) in Milwaukee (\$52,300 GPR, -\$124,900 FED, and \$72,600 PR annually); (b) reestimates of infrastructure costs related to the Bureau's computer systems (\$7,500 GPR, \$5,100 FED, and \$3,300 PR annually); (c) a reestimate of the amount of federal Title IV-E that the state can claim (\$884,000 GPR and -\$884,000 FED annually); and (d) increased rent costs (\$69,800 PR annually).

3. STATE FOSTER CARE AND ADOPTION ASSISTANCE

GPR	\$1,812,900
FED	<u>972,800</u>
Total	\$2,785,700

Reduce funding by \$1,217,800 (-\$238,000 GPR and -\$979,800 FED) in 2007-08 and provide \$4,003,500 (\$2,050,900 GPR and \$1,952,600 FED) in 2008-09 to reflect reestimates of the amount of funding required to support foster care payments for children with special needs who are under the state's guardianship (but do not live in Milwaukee County) and adoption assistance payments for children with special needs who have been adopted. (Funding for foster care payments DHFS makes on behalf of children with special needs in Milwaukee County is budgeted as part of the budget for the Bureau of Milwaukee Child Welfare.)

The state serves as guardian for children with special needs following termination of parental rights. The state pays the costs of out-of-home placements for these children while they await adoption and makes adoption assistance payments to families who adopt children with special needs. Base funding for this program is \$92,744,900 (\$48,040,600 GPR and \$44,704,300 FED).

4. FOSTER CARE RATES

GPR	\$1,704,300
FED	<u>525,300</u>
Total	\$2,229,600

Provide \$557,400 (\$426,000 GPR and \$131,400 FED) in 2007-08 and \$1,672,200 (\$1,278,300 GPR and \$393,900 FED) in 2008-09 to fund a 5% increase in the uniform foster care rates, effective January, 2008, and an additional 5% increase in the uniform foster care rates, effective January, 2009. Counties and DHFS make payments to foster parents, treatment foster parents, and family-operated group homes to support food, clothing, housing, personal care, and other expenses for children in foster care. In addition to the basic rate, if a foster child has emotional, behavioral, or medical problems, the foster parents may receive a supplemental or exceptional payment. The basic foster care rates for calendar years 2007, 2008, and 2009 are shown in the following table.

Basic Monthly Maintenance Payments

<u>Age</u>	<u>CY 2007</u>	<u>CY 2008</u>	<u>CY 2009</u>
0 thru 4	\$317	\$333	\$349
5 thru 11	346	363	381
12 thru 14	394	414	433
15 and Over	411	432	452

[Act 20 Sections: 1322 and 9421(1)]

5. DOMESTIC ABUSE SERVICES

GPR	\$1,673,700
PR	<u>226,300</u>
Total	\$1,900,000

Provide an additional \$906,600 GPR in 2007-08 and \$767,100 GPR

in 2008-09 for grants DHFS distributes to support domestic abuse services. In addition, increase the domestic abuse surcharge from \$75 to \$100, effective for convictions that occur on or after January 1, 2008, in order to increase funding for domestic abuse grants from this source by \$43,400 PR in 2007-08 and \$182,900 PR in 2008-09.

DHFS provides approximately \$8.6 million (\$6.4 million GPR, \$1.6 million FED, and \$0.6 million PR) annually for grants to support: (a) shelter facilities or private home shelter care; (b) advocacy and counseling for victims; (c) a 24-hour telephone service; and (d) community education shelters. The additional funding may be used to increase funding for current grant recipients, and to provide funding to organizations that currently do not receive grants.

[Act 20 Sections: 3885m and 9309(2c)]

6. EARLY CHILDHOOD INITIATIVE -- ALLIED DRIVE (MADISON)

GPR	\$500,000
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Provide \$250,000 in 2007-08 and in 2008-09 to fund the comprehensive early childhood initiative that provides home visiting and employment preparation and support for low-income families in Dane County in order to expand the initiative to one new neighborhood and provide ongoing support for the current Allied Drive early childhood initiative.

[Act 20 Sections: 341x, 342, 424e, 9121(9u), 9155(9u), and 9455(9u)]

7. KINSHIP CARE

PR	\$1,787,000
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Provide \$893,500 annually in TANF funds transferred from the Department of Workforce Development (DWD) to reflect estimates of the amount of funding that will be required to fully fund kinship care benefits in the 2007-09 biennium.

Increase the statutory allocation of TANF funds for the kinship care programs by deleting references to funding levels allocated for the program in the 2005-07 biennium and instead, specifying a transfer of \$23,579,800 annually. DHFS would use this funding to support kinship care benefits (\$21,878,300 annually), costs to conduct kinship care assessments in counties other than Milwaukee County (\$826,600 annually) and in Milwaukee County (\$637,400 annually), the costs of kinship care-related hearings conducted by the DOA Division of Hearings and Appeals (\$87,600 annually), and program staff positions in DHFS (\$149,900 annually).

Counties pay, and in Milwaukee County DHFS pays, a benefit of \$215 per month per child to kinship care relatives if: (a) there is a need for the child to be placed with the relative and the placement is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child in need of protection or services or a juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements.

[Act 20 Section: 1449]

8. TRANSFER TRIBAL GAMING FUNDS FOR TRIBAL OUT-OF-HOME CARE PLACEMENTS

GPR-REV	- \$1,000,000
PR	<u>1,000,000</u>
Total	\$500,000

Provide \$500,000 in 2007-08 and 2008-09 of tribal gaming funds for DHFS and the Department of Children and Families (DCF) to support unexpected or unusually high-cost out-of-home placements of Indian children by tribal courts. Provide that, in 2008-09, the Department of Children and Families may expend not more than \$500,000 in funds transferred from tribal gaming funds on unexpected or unusually high-cost out-of-home placements of Indian children by tribal courts, less any funds that DHFS expended for that purpose in 2007-08. Although Act 20 budgets \$500,000 in each year of the biennium to support these costs, the statutory restriction relating to DCF's spending authority limits the total amount that may be expended for this purpose to \$500,000 in the 2007-09 biennium.

[Act 20 Sections: 542g, 9121(1t), and 9155(1t)]

9. BACKGROUND INVESTIGATIONS OF PROPOSED FOSTER PARENTS AND ADOPTIVE PARENTS

GPR	\$214,900
FED	<u>108,800</u>
Total	\$323,700

Provide \$138,700 (\$92,100 GPR and \$46,600 FED) in 2007-08 and \$185,000 (\$122,800 GPR and \$62,200 FED) in 2008-09 to fund fees assessed by the Department of Justice and the Federal Bureau of Investigation to meet background investigation requirements of the federal Adam Walsh Child Protection and Safety Act of 2006 (P.L. 109-248). These costs will be partially supported by federal child welfare (Title IV-E) matching funds. In addition, make the following statutory changes to comply with provisions of the federal act.

Fingerprint Based Background Checks. Require DHFS, a county department of human services or social services, or a child welfare agency (entities) to request a fingerprint based check of the national crime information databases for individuals seeking, or who are required to obtain, a license to operate a foster home or treatment foster home prior to the placement of a child for adoption. Prohibit entities from releasing any information obtained only as permitted under federal law. Additionally, for individuals who were not a resident of the state for any period of time during the five years preceding date of the background check, require entities to check any child abuse or neglect registry maintained by any state or other United States jurisdiction in which the person or adult resident resided within those preceding five years. Prohibit the entity from using any information it obtains under this provision for any purpose other than a search of the person's background.

Criminal History and Child Abuse or Neglect Record Background Check. Require entities to perform a background check (including criminal history and child abuse or neglect record) of individuals: (a) seeking a license to operate a foster home or treatment foster home; (b) who are licensed to operate a foster home or treatment foster home and are seeking to adopt a child; and (c) any adult resident of the home, regardless of whether foster care maintenance payments or adoption assistance payments would be provided after the placement is made or the adoption

is finalized.

Specify that the new standards for background investigations will take effect on January 1, 2008, and will initially apply to persons who apply for a license to operate a foster home or treatment foster home or to persons undergoing an investigation of a proposed adoptive home on the act's general effective date.

[Act 20 Sections: 1346, 1347, 1349, 1351 thru 1356, 1367, 1370, 9321(5), and 9421(3)]

10. eWISACWIS

Reduce funding by \$188,500 (-\$11,500 FED and -\$177,000 PR) and by \$201,000 (\$22,100 FED and -\$223,100 PR) and convert 1.0 PR position to 0.50 GPR position and 0.50 FED position, beginning in 2007-08, to reflect the net cost of items relating to the electronic Wisconsin statewide automated child welfare information system (eWISACWIS).

	Funding	Positions
GPR	\$0	0.50
FED	10,600	0.50
PR	<u>- 400,100</u>	<u>- 1.00</u>
Total	- \$389,500	0.00

Child welfare case workers and administrators use eWISACWIS to manage child welfare services. The system maintains information on intake, assessment, eligibility determinations, case management, court processing, financial reporting, and administration. The system is funded with GPR, federal Title IV-E matching funds (FED), county funds that originate as federal medical assistance matching funds the state claims for certain case management services counties provide (PR), and TANF funds transferred to DHFS from DWD to support the costs associated with the kinship care cases in eWISACWIS (PR). Base funding for eWISACWIS is \$4,649,900 (\$2,074,100 GPR, \$1,017,200 FED, \$436,300 PR (TANF) and \$1,122,300 PR (county funds).

This item includes funding changes to reflect: (a) a decrease in masterlease costs due to the completion of masterleases for the initial phases of the system; (b) an increase in ongoing infrastructure and personnel costs, including contracted maintenance costs; and (c) reestimates of federal funding reimbursement rates in the next biennium.

11. CHILDREN'S CODE AND JUVENILE JUSTICE CODE – COURT PROCEDURES

Modify court procedures under the Children's Code (Chapter 48) and the Juvenile Justice Code (Chapter 938) as follows.

Court Reports and Orders in TPR Cases. Require an agency that files a termination of parental rights (TPR) petition, or that is ordered by the court in a TPR case to prepare a report on the history of a child, to include in its report specific information showing that the agency primarily responsible for providing services to the child has made reasonable efforts to achieve the goal of the child's permanency plan, if a permanency plan had previously been prepared for the child. Require a court order, in a TPR cases in which a permanency plan had previously

been prepared for the child, to include a finding as to whether the agency primarily responsible for providing services to the child has made reasonable efforts to achieve the goal of the child's permanency plan.

Specify that this change would first apply to reports filed with the juvenile court on the act's general effective date.

Transfer of the Custody of Children in Actions Affecting Families. Permit a circuit court to transfer the legal custody of a child found to be in need of protection or services in an action affecting the family in Milwaukee County to DHFS. Previously, the court could transfer legal custody of the child to a relative, to the county department of human services or social services, or to a licensed child welfare agency. In addition, when the circuit court transfers legal custody of a child to DHFS, a county department or licensed child welfare agency, require the circuit court to refer the matter to the juvenile court intake worker to conduct an intake inquiry to determine whether a petition alleging the child to be in need of protection or services should be filed with the juvenile court. Require the court to include in the order transferring legal custody a finding that placement of the child in his or her home would be contrary to the welfare of the child and, subject to certain exceptions, a finding that reasonable efforts have been made to prevent the removal of the child from home. Require the court to make the findings on a case-by-case basis, based on circumstances specific to the child and to document or reference the specific information on which those findings are based in the order. Specify that an order that merely references this requirement without documenting or referencing that specific information in the order or an amended order that retroactively corrects an earlier order that does not comply with this requirement is not sufficient to comply with the requirement.

Require the circuit court, when it transfers legal custody of the child to a county department, to order the child into the placement and care responsibility of the county departments and to assign the county department primary responsibility for providing services to the child.

Specify that these provisions first apply to court orders granted on the act's general effective date.

Out-of-Home Placements of Children. Require a juvenile court, when it orders a child to be placed outside the home under the supervision of a county department or DHFS, to order the child into the placement and care responsibility of the county department or DHFS and to assign the county department or DHFS primary responsibility for providing services to the child. Require DHFS, the Department of Corrections, or a county department, when placing a child outside the home under a voluntary agreement, to state in the voluntary agreement that the agency has placement and care responsibilities for the child and has primary responsibility for providing services to the child.

Specify that these changes first apply to court orders and voluntary agreement placing a child outside the home granted or entered into on the act's general effective date.

Temporary Physical Custody Orders. Require a juvenile court order relating to a child held

in temporary physical custody, when sufficient information is not available to make a finding as to whether reasonable efforts were made to prevent the removal of the child from the home, to include an order requiring the county department, DHFS, or agency primarily responsible for providing services to the child to file with the court sufficient information for the court to make a finding within five days, excluding Saturdays, Sundays and Holidays, after the date on which a temporary physical custody order is granted. Previously, agencies were required to file that information within five days (including Saturdays, Sundays, and legal holidays), after the date of the court order.

Specify that this change first applies to court orders granted on the act's general effective date.

[Act 20 Sections; 1234 thru 1238, 1242 thru 1244, 1247 thru 1253, 1262 thru 1266, 1330, 1362, 3726, 3728, 3729, 3786 thru 3788, 3793, 3797, 3798, 3807, 3808, 3810 thru 3817, 3825, and 9321(3)]

12. PREADoption TRAINING

Authorize Wisconsin Technical College districts schools and University of Wisconsin System institutions and college campuses to provide preadoption preparation for proposed adoptive parents.

Under current law, before a child can be placed for adoption by DHFS, a county department, or a child welfare agency, a proposed adoptive parent who has not previously adopted a child must complete preadoptive preparation. The statutes currently authorize the following to provide preadoption training services: (a) a licensed child welfare agency; (b) a licensed private adoption agency; (c) the state adoption information exchange; (d) the state adoption center; (e) a state-funded foster care and adoption resource center; or (f) a state-funded postadoption resource center.

[Act 20 Section: 1366m]

13. COMMUNITY COLLABORATION

Require DHFS to collaborate with community-based organizations that serve children, adolescents, and their families to promote health and wellness, and to reduce childhood and adolescent obesity.

[Act 20 Section: 3039r]

Disability and Elder Services

1. STATE -FUNDED SSI BENEFITS

GPR	\$13,008,900
PR	- 598,600
Total	\$12,410,300

Provide \$5,104,000 (\$5,403,300 GPR and -\$299,300 PR) in 2007-08 and \$7,306,300 (\$7,605,600 GPR and -\$299,300 PR) in 2008-09 to reflect estimates of the amount of GPR and TANF funding (PR) that will be required to support state-funded supplemental security income (SSI) benefit payments to elderly and disabled low-income individuals; and SSI caretaker supplement benefits in the 2007-09 biennium.

SSI State Supplement Benefits. Provide \$5,403,300 GPR in 2007-08 and \$7,605,600 GPR in 2008-09 to reflect estimates of the amounts needed to fully fund the state supplement to federal SSI payments. DHFS makes these monthly payments to approximately 98,000 individuals who receive federal SSI benefits, and 6,900 individuals who do not qualify for the federal benefit but were receiving a partial state benefit as of January 1, 1996, when the state discontinued its state-only benefit for new applicants. Base funding for these payments is \$128,281,600 GPR. Consequently, the act provides \$133,684,900 GPR in 2007-08 and \$135,887,200 GPR annually in a sum sufficient appropriation for DHFS to make these payments.

SSI Caretaker Supplement Benefits. Decrease funding by \$299,300 PR annually to reflect estimates of the amounts needed to fully fund SSI caretaker supplement payments. DHFS makes these payments to SSI recipients who have dependent children. Recipients receive \$250 per month for the first child and \$150 per month for each additional child. Base funding for these payments is \$29,749,400 PR. Consequently, Act 20 provides \$29,450,100 PR annually for DHFS to make these payments.

[Act 20 Section: 1450]

2. SERVICES FOR DRIVERS -- SUPPLEMENTAL COUNTY ALLOCATIONS

PR	- \$900,000
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Reduce funding DHFS distributes to counties to support services for drivers who have been referred for assessments following operating while intoxicated (OWI) violations by \$450,000 annually, so that DHFS would be budgeted \$1,000,000 annually from OWI surcharge revenues for this purpose. Act 20 makes no change to the statutory distribution of OWI surcharge revenue between counties, which retain 61.5% of revenue collected by clerks of court to support services for drivers, and the state, which collects 38.5% of the revenue to support several OWI-related programs.

In addition, convert the current DHFS appropriation that funds supplemental county allocations for services for drivers from an annual appropriation to a continuing appropriation, and repeal the provision that specifies that the unencumbered balance of the appropriation on

June 30 of each year reverts to a continuing appropriation to which all of the state's share of these revenues are credited, and from which the state's share of these funds are allocated.

[Act 20 Section: 417]

3. QUALITY HOME CARE COMMISSION

GPR	\$334,000
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Provide \$167,000 annually and require DHFS to distribute at least \$167,000 annually to an organization to provide services to consumers and providers of supportive home care and personal care services. Although not named in the act, DHFS would use these funds to support the Quality Home Care Commission. The Commission was created through an intergovernmental cooperation agreement between DHFS and the Dane County Executive in September, 2006, to provide certain services to consumers and providers of home care and personal care services. The Commission works to ensure that home health providers are available to consumers and provides employer-related services to providers.

[Act 20 Section: 1114]

4. COMMUNITY AIDS

GPR	\$206,200
FED	64,800
Total	\$271,000

Provide \$135,500 (\$103,100 GPR and \$32,400 FED) annually to fully fund a 5% increase in foster care rates, enacted as part of 2005 Act 25, which took effect on January 1, 2006 (\$103,100 GPR and \$32,400 FED of Title IV-E funds annually). In addition, adjust federal funding budgeted to support community aids by: (a) reducing Title IV-B support by \$255,300 FED annually; (b) reducing support from the social services block grant by \$78,600 FED annually; and (c) offsetting these reductions by increasing Title IV-E support by \$333,900 FED annually. The provision to increase Title IV-E funding for community aids would reduce the amount of funding that would otherwise be generated as federal income augmentation revenue from this source, 50% of which, under current law, DHFS is required to distribute to non-Milwaukee counties for services and projects to assist children and families.

In addition, increase the annual basic county allocation from \$242,078,700 to \$242,725,500 in 2007-08 and decrease the allocation to \$176,068,400 in 2008-09. The decrease in 2008-09 reflects the transfer of federal child welfare funds previously counted as community aids that would instead be distributed by the new Department of Children and Families for children and family aids.

[Act 20 Sections: 1100 and 1101]

5. WISCONSIN COUNCIL ON PROBLEM GAMBLING

PR	\$200,000
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Provide \$100,000 annually from the lottery fund to the Wisconsin Council on Problem Gambling to increase funding to support staff for a 24-hour hotline that provides assistance to compulsive gamblers and their families. DHFS is currently budgeted \$300,000 annually to support the Council.

6. OUTREACH SERVICES IN SOUTHCENTRAL AND SOUTHEASTERN WISCONSIN

Provide \$84,000 annually to community organizations in south-central and southeastern Wisconsin to provide outreach services relating to health, mental health, housing, assisted living, domestic violence, and other services.

GPR	\$168,000
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[Act 20 Section: 1116e]

7. WISCONSIN COUNCIL ON DEVELOPMENTAL DISABILITIES

	Funding Positions	
GPR	-\$30,000	0.00
FED	-2,543,600	-7.75
Total	-\$2,573,600	-7.75

Reduce funding by \$15,000 GPR and \$1,271,800 FED annually and delete 7.75 FED positions, beginning in 2007-08 to reflect the transfer of funding and positions from DHFS to a new agency, the Board for People With Developmental Disabilities. See "Board for People with Developmental Disabilities."

[Act 20 Sections: 52b, 330s, 524w, 1824b, and 9121(9i)]

8. OFFICE FOR THE BLIND AND VISUALLY IMPAIRED

FED	\$635,200
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Provide \$289,800 in 2007-08 and \$345,400 in 2008-09, from federal income augmentation funds, to support DHFS estimates of funding that would be needed to support current authorized staff in the Office for the Blind and Visually Impaired (OBVI) in the 2007-09 biennium. OBVI offers rehabilitation teaching services to assist blind and visually impaired individuals in achieving independent living

Beginning in 2005-06, base funding available to support OBVI, from a variety of sources, was reduced by approximately \$255,000 annually. This occurred primarily because the Division of Vocational Rehabilitation in the Department of Workforce Development prohibited DHFS from using base GPR funding as a match for federal Title IB (vocational rehabilitation) funds so that DWD could instead use the Title IB funds to support individualized employment plans for individuals with disabilities. This resulted in a loss of approximately \$110,000 FED annually to support OBVI. In addition, DHFS reduced GPR support for OBVI by approximately \$119,900 annually in response to GPR funding reductions enacted as part of 2005 Wisconsin Act 25. In

the 2005-07 biennium, DHFS has maintained vacant positions in OBVI and allocated one-time federal funding to address this reduction in base support for the office.

9. UNCLASSIFIED DIVISION ADMINISTRATOR POSITION

Positions	
GPR	1.00

Create 1.0 unclassified division administrator position, beginning in 2007-08. DHFS intends to divide the Division of Disability and Elder Services (DDES) into two divisions: (a) the Division of Long-Term Care; and (b) the Division of Mental Health and Substance Abuse Services. Since no funding is budgeted to support this position, DHFS will to reallocate funding within the current division's general program operations appropriation.

10. FEMALE OFFENDER REINTEGRATION PROGRAM -- CONTINUE GRANT FUNDING

Authorize DHFS to award up to \$106,400 annually as a grant to an organization or group of organizations to provide services for female prisoners and offenders from Milwaukee County and their children, if the prisoners or offenders have been convicted of nonviolent crimes. Under current law, DHFS is authorized to provide up to \$83,800 in 2005-06 and \$106,400 in 2006-07 for this purpose, but has no statutory authority to award grants in subsequent fiscal years. Funding for grants is part of the agency's base budget.

The program provides screening, assessment, and treatment services, including mental health and permanency services, for prisoners and offenders to assist in their reintegration into the community. The GPR funding for the program supports costs that cannot be funded under the federal access to recovery grant or other sources.

[Act 20 Section: 1115]

11. FAMILY SUPPORT PROGRAM -- CRITERIA FOR PRIORITY USE OF FUNDS

Repeal the requirement that DHFS, in promulgating rules for the family support program, include criteria by which county departments may determine priorities for available funding. Instead, require DHFS to establish criteria for priority of services that take into account urgency of need, statewide consistency, developmental impact on eligible children, and other factors, so as to ensure that available funds are used consistently and effectively. These criteria would not need to be promulgated as rules.

[Act 20 Sections: 1202 and 1203]

12. DRUG ABUSE PROGRAM IMPROVEMENT SURCHARGE

Modify the distribution of revenue the state collects from the drug abuse program

improvement surcharge so that: (a) the first \$850,000 plus two-thirds of all funds collected in excess of \$1,275,000 in each fiscal year would be credited to a DHFS appropriation that supports programs that provide prevention, intervention, and treatment for alcohol and other drug abuse problems; and (b) all moneys in excess of \$850,000 and up to \$1,275,000 plus one-third of moneys in excess of \$1,275,000 would be credited to an appropriation for the Office of Justice Assistance (OJA) to fund grants for substance abuse treatment programs for criminals. Specify that the new allocations would take effect on July 1, 2007.

Under current law, as of July 1, 2007, two-thirds of all moneys from the surcharge are credited to the DHFS appropriation and one-third of the surcharge revenues are credited to the OJA appropriation.

[Act 20 Sections: 3866 and 9407(1)]

13. BIRTH-TO-THREE PROGRAM -- TREATMENT OF UNEXPENDED FUNDS

Modify the GPR appropriation that supports county funding allocations under the early intervention services for infants and toddlers with disabilities program (the birth-to-three program) by changing the appropriation from an annual appropriation to a continuing appropriation. Repeal provisions that: (a) permit DHFS to transfer funds between fiscal years; (b) specify that funds that are not encumbered by December 31 of each year lapse to the general fund on the next January 1, unless the Joint Committee on Finance permits DHFS to carry these funds forward to the next calendar year. At the end of each fiscal year, unexpended funding budgeted in a continuing appropriation does not lapse to the originating fund, but rather is carried forward to the next fiscal year and available for expenditure by the agency.

[Act 20 Section: 414]

14. COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT ALLOCATIONS

Modify statutory references to funding for programs that are supported by the federal Community Mental Health Services (CMHS) block grant to require DHFS to provide annually the amounts specified in statute for community aids, the integrated services program, the consumer and family self-help and peer-supported programs, and protection and advocacy services, rather than permit DHFS to distribute up to the amounts specified in statute for these programs.

[Act 20 Sections: 1101p, 1167n, and 1835c]

15. COUNCIL ON PHYSICAL DISABILITIES

Require DHFS to allocate at least \$16,100 GPR annually from its general program operations appropriation for the Division of Disability and Elder Services to support the

[Act 20 Section: 1073v]

Institutions

1. SEXUALLY VIOLENT PERSONS -- NEW UNITS AT THE SAND RIDGE SECURE TREATMENT CENTER

	Funding	Positions
GPR	\$3,477,200	91.10

Provide \$3,477,200 and 91.10 positions in 2008-09 to fund staff, supplies, and one-time costs for four new 25-bed units at the Sand Ridge Secure Treatment Center (SRSTC). Two units would open in January, 2009, and the other two units would open in April, 2009.

The SRSTC and the Wisconsin Resource Center (WRC) provide inpatient treatment services for individuals committed as sexually violent persons (SVPs) under Chapter 980 of the statutes. The rate at which persons are being committed as SVPs in Wisconsin has increased due to recent legislation that, among other things, broadened the statutory definition of an SVP. The SVP population is projected to exceed the current combined SVP capacity at SRSTC and WRC (420 beds) during the 2007-09 biennium.

2. SEXUALLY VIOLENT PERSONS -- CONTRACTED BEDS

GPR	\$437,300
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Provide \$56,800 in 2007-08 and \$380,500 in 2008-09 to fund costs for DHFS to contract for beds in county jails to temporarily house sexually violent persons (SVPs). The administration projects that temporary beds will be needed for SVPs before a 100-bed expansion planned for the Sand Ridge Secure Treatment Center (SRSTC) is completed in early 2009.

The SRSTC and the Wisconsin Resource Center (WRC) provide inpatient treatment services for persons committed as SVPs under Chapter 980 of the statutes. The rate at which persons are being committed as SVPs in Wisconsin has increased due to recent legislation that, among other things, broadened the statutory definition of an SVP. The administration projects that the SVP population will exceed the current combined SVP capacity at SRSTC and WRC during the 2007-09 biennium. To address that capacity issue, the Governor has recommended a 300-bed expansion at SRSTC, with the first two 25-bed units to open in January 2009, and two additional 25-bed units to open in April 2009.

3. OUTPATIENT COMPETENCY, CONDITIONAL RELEASE, AND SUPERVISED RELEASE CONTRACTED SERVICES

GPR	\$1,378,600
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Provide \$338,300 in 2007-08 and \$1,040,300 in 2008-09 to fund a net projected increase in the costs of services provided under the conditional release program, the supervised release program, outpatient competency examinations, and related contracted services.

Conditional Release. Increase funding by \$128,600 in 2007-08 and increase funding by \$370,900 in 2008-09 to fund projected costs of services for individuals on conditional release. The conditional release program provides treatment to individuals who have been conditionally released from the state mental health institutes. It is a state-funded, community-based program, administered by private and public agencies under the supervision of DHFS.

Supervised Release. Reduce funding by \$244,000 in 2007-08 and increase funding by \$46,700 in 2008-09 to fund projected costs of services under the supervised release program. The supervised release program provides treatment to individuals who are committed as sexually violent persons under Chapter 980 of the statutes and who have been released by the court under the supervision of DHFS. The projected cost increase results from a projected increase in caseload and service costs, including the costs of global positioning system monitoring and escorts.

Outpatient Competency Examinations. Increase funding by \$194,900 in 2007-08 and by \$340,200 in 2008-09 to fund projected costs of outpatient competency examinations. Competency-to-stand-trial examinations are conducted on both an inpatient and outpatient basis. Inpatient examinations are performed by DHFS staff at the mental health institutes. DHFS contracts with a private vendor, currently Wisconsin Forensic Unit (WFU), to conduct outpatient examinations in jails or locked units of a facility. In 2005-06, approximately 97% of competency examinations were conducted by WFU.

Contracts with Corrections. Increase funding by \$258,800 in 2007-08 and by \$282,500 in 2008-09 to increase funding for contracts with the Department of Corrections for supervision services, equipment rental and escort transportation.

Summary of Funding for Competency Examinations and Conditional and Supervised Release Services

	Base	Act 20	
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Conditional Release	\$4,718,600	\$4,847,200	\$5,089,500
Supervised Release	1,449,100	1,205,100	1,495,800
Outpatient Competency Exams	1,232,400	1,427,300	1,572,600
Other Related Contracted Services	<u>527,400</u>	<u>786,200</u>	<u>809,900</u>
Total	\$7,927,500	\$8,265,800	\$8,967,800

4. TREATMENT TO COMPETENCY

GPR	\$608,000
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Provide \$262,500 in 2007-08 and \$345,500 in 2008-09 to fund costs of providing treatment-to-competency services to individuals determined not competent to proceed to criminal trial, and modify the appropriation that currently funds competency examinations and conditional and supervised release services to authorize DHFS to support competency treatment services. Currently, DHFS provides these treatment services in the state mental health institutes. Due to capacity restraints at the institutes, there is a waiting list for individuals to receive these treatment-to-competency services. The act authorizes DHFS to provide those services in settings other than the state mental health institutes, including jails. The act funds estimates of the cost to DHFS of providing additional treatment-to-competency services in settings other than the state mental health institutes.

Provide that, if an examiner appointed by the court to examine a criminal defendant's competency reports to the court that the defendant lacks competency, the examiner must also provide an opinion as to whether the individual's treatment should occur in an inpatient facility designated by DHFS, or should be conducted in a jail or locked unit of a facility, as a condition of bail or bond.

Provide that, if the court determines the defendant is not competent but is likely to become competent within a period of time not to exceed 12 months or the maximum sentence specified for the most serious offense with which the defendant is charged, whichever is less, DHFS must determine whether treatment shall occur in an appropriate institution designated by DHFS, or in a community-based treatment conducted in a jail or a locked unit of a facility that voluntarily contracts with the state to serve as a location where treatment-to-competency services can be provided, as a condition of bond or bail. With respect to treatment services provided in a jail, authorize DHFS to commence treatment-to-competency services to persons in county jails who are awaiting transfer to a mental health institute or other authorized setting, and direct DHFS to transfer such persons to an authorized treatment setting other than a jail as soon as the treatment services can be provided in an authorized non-jail setting.

Further, require DHFS examiners to periodically reexamine the defendant, and provide written reports of those examinations to the court within the timeframes set by statute. Prior law stated that the defendant shall be periodically reexamined by the treatment facility, rather than specifically requiring DHFS to conduct those reexaminations.

Provide that, in the event the court receives from DHFS a reexamination report indicating the defendant has regained competency or is not competent and is unlikely to become competent in the remaining commitment period, the court must hold a hearing within 14 days of receipt of the report, and the court must proceed to determine the defendant's competency as provided in statute. Under prior law, the court was required to proceed with a competency hearing when it received a reexamination report of the defendant. The act alters that provision by requiring the court to proceed with a competency hearing only if the reexamination report indicates that the defendant has regained competency or is not competent and is unlikely to

become competent in the remaining commitment period.

[Act 20 Sections: 337 and 3871 thru 3874]

5. MENTAL HEALTH INSTITUTES -- ALLOCATION OF COSTS

	Funding	Positions
GPR	\$3,711,900	7.53
PR	<u>-3,711,900</u>	<u>-7.53</u>
Total	\$0	0.00

Provide \$1,846,300 GPR and reduce funding by \$1,846,300 PR in 2007-08, and provide \$1,865,600 GPR and reduce funding by \$1,865,600 PR in 2008-09 to adjust base funding for the mental health institutes (MHIs) to assign the costs of certain services at the MHIs to the appropriate funding source. Convert 7.53 PR positions to GPR positions, beginning in 2007-08.

Biennially, a funding adjustment is made to assign costs of certain services each MHI provides to appropriate funding sources. The costs of these services are assigned to payment sources based on the estimated percentage of the population at the MHIs whose care will be supported by GPR (nearly all forensic patients and other non-billable patients), and by program revenues contributed by counties, medical assistance, and other third-party payers (civil commitments, MA recipients, and certain other patients). Examples of these services include housekeeping, food production, maintenance and security, library, and administrative services. The administration projects that the population splits will be 70% GPR/30% PR at Mendota Mental Health Institute, and 55% GPR/45% PR at the Winnebago Mental Health Institute for both years of the 2007-09 biennium.

6. CENTERS OPERATIONS ADJUSTMENTS DUE TO ACTUAL AND PROJECTED CIP IA PLACEMENTS

	Funding	Positions
PR	\$3,532,400	- 17.56

Provide \$1,754,800 in 2007-08 and \$1,777,600 in 2008-09 with 56.3 positions, beginning in 2007-08, to partially restore funding and staff for the centers for the developmentally disabled to reflect that fewer residents were relocated from the centers in the 2005-07 biennium under the community integration program (CIP IA) than had been assumed in 2005 Act 25 (the 2005-07 biennial budget act). In addition, delete 73.86 positions in 2008-09, effective at the end of the biennium, to reflect projected staffing reductions that will occur as residents relocate from the centers in the 2007-09 biennium.

Central Wisconsin Center (CWC). Provide \$775,500 in 2007-08 and \$798,300 in 2008-09 with 28.64 positions, beginning in 2007-08, to reflect DHFS' estimate that 21 individuals, rather than 40 (as assumed in Act 25), will have relocated from CWC in the 2005-07 biennium. Act 25 deleted 67.70 positions from CWC in 2006-07. Act 20 deletes funding for these 67.70 positions (\$3,113,100 annually) as part of the standard budget adjustment for full funding of salary and fringe benefits. Based on the statutory requirement that DHFS reduce funding for the centers by \$325 per day following a relocation, DHFS estimates that \$2.3 million annually will need to be deleted from CWC's budget. This item funds the difference between the amount that is

removed under the standard budget adjustment and the required funding reduction, and restores position authority accordingly.

In addition, delete 46.20 positions in 2008-09 to reflect the administration's estimate that 16 residents will relocate from CWC in the 2007-09 biennium. Funding for these positions would be deleted as a standard budget adjustment as part of the 2009-11 budget.

Southern Wisconsin Center (SWC). Provide \$979,300 annually, and 27.66 positions beginning in 2007-08, to reflect DHFS' estimate that 16 individuals, rather than 50 (as assumed in Act 25) will relocate from SWC in the 2005-07 biennium. Act 25 deleted 64.30 positions from SWC in 2006-07. The act deletes funding for these positions (\$2,850,900 annually) as part of the standard budget adjustment for full funding of salary and fringe benefits. Based on the statutory requirement that DHFS reduce funding for the centers by \$325 per day following a relocation, DHFS estimates that \$1,871,600 will need to be deleted from SWC's budget. This item funds the difference between the amount that is removed under the standard budget adjustment and the required funding reduction, and restores position authority accordingly.

In addition, delete 27.66 positions in 2008-09 to reflect the administration's estimate that 20 residents will relocate from SWC in the 2007-09 biennium. Funding for these positions would be deleted as a standard budget adjustment as part of the 2009-11 budget.

[Act 20 Section: 9121(9f)]

7. VARIABLE NONFOOD ITEMS AND SERVICES

GPR	\$1,682,700
PR	<u>2,305,500</u>
Total	\$3,988,200

Provide \$1,487,600 (\$478,800 GPR and \$1,008,800 PR) in 2007-08 and \$2,500,600 (\$1,203,900 GPR and \$1,296,700 PR) in 2008-09 to fund projected increases in variable nonfood costs at the centers for the developmentally disabled, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center.

8. FOOD

GPR	\$328,600
PR	<u>1,243,100</u>
Total	\$1,571,700

Provide \$757,400 (\$144,700 GPR and \$612,700 PR) in 2007-08 and \$814,300 (\$183,900 GPR and \$630,400 PR) in 2008-09 to fund projected increases in the cost of food for residents at the centers for the developmentally disabled, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center.

9. FUEL AND UTILITIES

GPR	\$975,900
PR	<u>1,713,700</u>
Total	\$2,689,600

Provide \$1,163,100 (\$420,100 GPR and \$743,000 PR) in 2007-08 and \$1,526,500 (\$555,800 GPR and \$970,700 PR) in 2008-09 to fund projected

increases in fuel and utility costs at the centers for the developmentally disabled, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center.

10. MUNICIPAL SERVICES

PR	\$316,800
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Provide \$158,400 annually for payment for municipal services assessments associated with the cost of municipal services provided by local governments to the centers for the developmentally disabled and to the mental health institutes.

11. SHARED SERVICES

Transfer funding and positions within and between appropriations that support DHFS institutions to more accurately reflect the allocation of funding for service positions (including building and grounds and office positions). The act funds shared services positions to reflect actual tasks performed, and eliminate the necessity for the facilities to charge each other for these services. The funding and position transfers are shown below.

<u>Facility</u>	<u>Fund Source</u>	<u>Positions</u>	<u>Salary</u>	<u>Fringe Benefits</u>	<u>Supplies and Services</u>
Wisconsin Resource Center	GPR	0.00	-\$20,200	-\$8,900	\$29,100
Mendota Mental Health Institute	PR	0.00	-123,900	-54,800	178,700
Central Wisconsin Center	PR	-0.24	-8,400	-3,900	0
Winnebago Mental Health Institute	PR	0.24	-40,200	-17,700	70,200
Total		0.00	-\$192,700	-\$85,300	\$278,000

12. COMBINE WRC AND SVP OPERATIONS APPROPRIATIONS

Repeal an appropriation that previously funded general program operations, other than operations related to security, of the Wisconsin Resource Center (WRC), and transfer base funding and positions from this appropriation (\$30,410,900 GPR and 400.65 GPR positions), beginning in 2007-08, to the appropriation that currently supports operations of the Sand Ridge Secure Treatment Center and other secure mental health units or facilities at which individuals committed as sexually violent persons (SVPs) are placed. Authorize DHFS to expend funds budgeted in the latter appropriation to support the operations of the WRC, other than for security operations at the facility.

The WRC provides mental health services to Department of Corrections inmates and to individuals civilly committed as SVPs.

[Act 20 Sections: 336 and 338]

13. CONDITIONAL RELEASE -- EXTEND TIME TO SUBMIT A PETITION TO REVOKE CONDITIONAL RELEASE

Extend, from 48 hours to 72 hours, the period within which DHFS must submit to the committing court, and the regional office of the State Public Defender where the committing court is located, a petition to revoke an order granting a person's conditional release, after DHFS detains the person for allegedly violating a condition or rule of his or her conditional release or because the safety of the person or others requires that conditional release be revoked. Further, exclude Saturday, Sundays, and legal holidays from the 72-hour period. Specify that this change would first apply to persons who are detained on the act's general effective date.

Under current law, a person found not guilty of a crime by reason of mental disease or defect may petition the court for an order placing them in the community on conditional release. An order for conditional release places the person in the custody and control of DHFS. The statutes allow DHFS to detain the person and petition to have the order granting their conditional release revoked if DHFS alleges the person violated a condition or rule of their conditional release or if the safety of the person or others requires that the conditional release be revoked. Under prior law, DHFS was required to submit that petition to the committing court and the state public defender's office within 48 hours after detaining the person. The act extends that period to 72 hours, and specifies that the 72-hour period excludes Saturdays, Sundays, and legal holidays.

[Act 20 Sections: 3875 and 9309(1)]

14. REQUEST FOR PROPOSAL -- PHARMACY SERVICES

Require DHFS to issue a request for proposals to provide pharmacy management services for all institutions operated by the Department.

[Act 20 Section: 1810r]

HEALTH INSURANCE RISK-SHARING PLAN AUTHORITY

1. INVESTMENT OF FUNDS BY STATE INVESTMENT BOARD

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 prior 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

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. Include a nonstatutory provision to allow the Authority's current employees to be immediately eligible for participation in the Wisconsin Retirement System on the act's general effective date.

Under prior law, the Authority was 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."

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

3. DIRECT PAYMENTS TO THE AUTHORITY

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 prior law, insurer assessments and federal high-risk pool grants were first received by the Office of the Commissioner of Insurance (OCI), and then paid to the Authority through two OCI appropriations, both of which are repealed under the act.

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

4. PILOT PROGRAM FOR COVERAGE UNDER HIRSP

Direct DHFS to conduct a three-year pilot program, beginning January 1, 2008, 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). This item is summarized under "Health and Family Services -- Health."

5. HEALTH CARE TAX CREDIT AND BADGERCARE PLUS

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.

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

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
	Adjusted Base	2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$99,244,900	\$117,336,600	\$124,948,700	\$43,795,500	22.1%	11.86	10.50	10.50	- 1.36	- 11.5%
FED	1,707,900	1,354,500	1,354,500	- 706,800	- 20.7	0.00	0.00	0.00	0.00	N.A.
PR	<u>1,192,600</u>	<u>1,202,600</u>	<u>1,212,600</u>	<u>30,000</u>	1.3	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	N.A.
TOTAL	\$102,145,400	\$119,893,700	\$127,515,800	\$43,118,700	21.1%	11.86	10.50	10.50	- 1.36	- 11.5%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
GPR	-\$40,600	- 2.00

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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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 increases 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. A partial veto in 2005 Act 25, provided \$8 million above the amount approved by the Legislature for WHEG-UW in 2005-06. Approximately \$4 million of this additional funding was carried forward from 2005-06 to 2006-07, such that approximately \$43.3 million was 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, which was 5.1% in 2007-08. If the WHEG-UW appropriation were increased by 5.1% in each year of the biennium, the appropriation would be approximately \$41.3 million in 2007-08 and \$43.4 million in 2008-09. To provide greater increases for the WHEG-UW program, Act 20 suspends 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, Act 20 modifies the statutory base funding reference for calculating future WHEG-UW appropriation increases to reflect total funding provided in 2008-09.

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

3. VETERAN'S TUITION REMISSION REIMBURSEMENT

GPR	\$11,576,000
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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 some portion of the 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. Specify that in June of each fiscal year, HEAB will determine the total amount of remissions that were 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 relates solely to reimbursement payments to the UW System and WTCS districts; eligible veterans receive full remissions regardless of the amount of reimbursement 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 the act would reimburse the UW System and WTCS district boards for 21% to 23% of the estimated tuition remissions. Specify that the Board of Regents will deposit these moneys in an existing program revenue appropriation for funds received from other agencies and will expend these moneys for degree credit instruction. These provisions 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 a spouse or an unremarried surviving spouse who did not have a minor child with the veteran at the time of the veteran's death for the first 10 years after the veteran received a disability rating or after the death of the veteran. An unremarried surviving spouse of an eligible veteran who had a child with the veteran could 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, whichever is later. Children are eligible for remission while they are at

least 17 but not yet 26 years old.

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

4. WHEG FUNDING FOR TECHNICAL COLLEGE STUDENTS

GPR	\$1,253,400
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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 increases 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.

5. TUITION GRANT PROGRAM

GPR	\$1,862,700
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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 increases 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.

6. REESTIMATE MINNESOTA WISCONSIN RECIPROCITY EXPENDITURES

GPR	\$2,541,000
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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

Modify state statutes to accommodate changes to the Minnesota-Wisconsin tuition reciprocity agreement that were approved by the Joint Finance Committee in August, 2007. These modifications will: (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; (b) make the effective date of the agreement July 1, 2007; and (c) add two factors that the formula used to determine each states' obligation under the agreement may reflect, including: (a) differentials in usage; and (b) differentials in resident tuition at comparable public institutions in the two states. Under prior law, the formula reflected only the educational costs incurred by the two states. Specify that the payment between the states will be made as provided in the agreement. 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.

Under the modifications approved by the Joint Finance Committee in August, 2007, 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 to such students 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 that 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 modification to the agreement will have no fiscal impact.

This change will first affect students enrolled under the agreement during the 2008-09 academic year. Students who are enrolled 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 the 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 the UW-Madison and the University of Minnesota-Twin Cities. 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. WISCONSIN COVENANT SCHOLARS PROGRAM

Create a Wisconsin covenant scholars grants program to be administered by the Higher Educational Aids Board (HEAB) and a new annual GPR appropriation for Wisconsin covenant scholars grants. The Wisconsin covenant scholars grants program will 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 will be determined by HEAB.

Provide that no student could 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 could be eligible or remain eligible for a grant. Provide that a student whose name appears on the statewide support lien docket will 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 act. 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. Although it is not part of the act, a description of a memorandum of understanding relating to the Wisconsin Covenant 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 grants.

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

9. COORDINATION OF THE WISCONSIN COVENANT BY DOA

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 will 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.]

[Act 20 Section: 78]

10. MINORITY UNDERGRADUATE RETENTION GRANT INCREASE

GPR	\$57,000
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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

increases 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.

11. REESTIMATE ACADEMIC EXCELLENCE SCHOLARSHIP PROGRAM EXPENDITURES

GPR	\$47,000
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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.

12. ADDITIONAL POSITION AUTHORITY

	Funding	Positions
GPR	\$60,200	0.64

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

13. REESTIMATE FEDERAL REVENUES

FED	-\$706,800
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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.

14. WHEG -- TRIBAL COLLEGES FUNDING

PR	\$30,000
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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.

HISTORICAL SOCIETY

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	Over 2006-07
				Amount	%				Number	%
GPR	\$12,009,400	\$13,894,000	\$14,742,900	\$4,618,100	19.2%	106.15	106.15	106.15	0.00	0.0%
FED	1,143,700	1,188,700	1,188,700	90,000	3.9	6.36	6.36	6.36	0.00	0.0
PR	2,374,000	2,688,300	2,873,600	813,900	17.1	14.00	16.50	16.50	2.50	17.9
SEG	<u>3,903,500</u>	<u>3,987,700</u>	<u>3,987,700</u>	<u>168,400</u>	2.2	<u>13.53</u>	<u>13.53</u>	<u>13.53</u>	<u>0.00</u>	0.0
TOTAL	\$19,430,600	\$21,758,700	\$22,792,900	\$5,690,400	14.6%	140.04	142.54	142.54	2.50	1.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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, \$45,000 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).

GPR	\$1,950,300
FED	90,000
PR	282,800
SEG	<u>168,400</u>
Total	\$2,491,500

2. DEBT SERVICE REESTIMATE

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.

GPR	\$2,074,800
PR	<u>3,500</u>
Total	\$2,078,300

3. CIRCUS WORLD FUEL AND UTILITIES

Provide \$142,600 in 2007-08 and \$147,600 in 2008-09 for fuel and utility payments for the Circus World Museum. This funding is provided in the Historical Society's existing fuel and utilities appropriation. Provide the second year of funding on a one-time basis.

GPR	\$290,200
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4. FUEL AND UTILITIES FUNDING

Provide \$72,600 in 2007-08 \$102,600 in 2008-09 for fuel and utility

GPR	\$175,200
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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

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 will be from Department of Administration revenues for agency records and information processing and storage. Funding is provided in a new continuing appropriation created for this purpose.

[Act 20 Section: 231]

6. STORAGE FACILITY

GPR	\$127,600
PR	127,600
Total	\$255,200

Provide \$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 reverts to the Indian gaming receipts appropriation.

[Act 20 Sections: 230 and 542]

7. DELETE VACANT POSITION

	Funding	Positions
PR	-\$51,400	- 0.50

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.

8. WISCONSIN BLACK HISTORICAL SOCIETY AND MUSEUM

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						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%			2007-08	2008-09	Number
PR	\$18,503,900	\$15,704,300	\$15,754,200	-\$5,549,300	-15.0%	118.25	120.25	120.25	2.00	1.7%
SEG	<u>87,835,000</u>	<u>88,421,600</u>	<u>88,021,800</u>	<u>773,400</u>	0.4	<u>13.75</u>	<u>12.75</u>	<u>12.75</u>	<u>-1.00</u>	-7.3
TOTAL	\$106,338,900	\$104,125,900	\$103,776,000	-\$4,775,900	-2.2%	132.00	133.00	133.00	1.00	0.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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

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

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 moneys. Require that this sum sufficient appropriation be included among the factors that must be considered when establishing health care provider assessments to the fund.

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.

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

3. INJURED PATIENTS AND FAMILIES COMPENSATION FUND

SEG	\$599,400
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COMPUTER SYSTEM

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

SEG	\$75,000
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ACTUARIAL AUDIT

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

PR	\$708,000
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APPLICATIONS AND BIENNIAL LICENSE RENEWAL

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

PR	\$204,600
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Provide \$102,300 annually 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.]

7. SUPPORT FOR THE MEDIGAP HELPLINE

PR	\$164,000
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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 act, OCI is 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

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.

9. PAY PLAN PROGRESSION ADJUSTMENTS

PR	\$115,100
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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

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	78,000
Total	- \$9,151,200

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 act authorizes 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 transfers the unencumbered balance of the repealed appropriation to the agency's general program operations appropriation on the act's general effective date.

Previously, 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 act eliminates 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	- 118,800
Total	\$0

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 the act, the segregated insurance funds (the injured patients and families compensation fund, the local government property insurance fund and the state life insurance fund) 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

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. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL

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. The annual salary range for ESG 5 is from \$80,023 to \$124,036 for the 2007-08 fiscal year. The range for ESG 6 is from \$86,424 to \$133,960. The act would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

[Act 20 Section: 619]

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

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 within 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 prior law, insurers were 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. The act requires that explanation to be a detailed explanation of the clinical basis for the insurer's decision to restrict or terminate coverage. The act extends that requirement to the treatment of conditions and complaints beyond those treated by chiropractic services.

The act's provisions would first apply to claims for insurance coverage submitted to an insurer on the act'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 first apply on the date that health insurance policy or plan is renewed.

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

INVESTMENT BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
PR	\$22,474,700	\$22,474,700	\$22,474,700	\$0	0.0%	104.50	104.50	104.50	0.00	0.0%

Budget Change Item

1. OPERATING BUDGET AUTHORITY AND ASSESSMENT PROCESS

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) 0.0285% in 2007-08 and 0.0325% in 2008-09 and subsequent years 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 is required to assess each fund for its share of the Board's operating expenditures for the current fiscal year in an equitable manner.

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 act.

Under prior law, SWIB was 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 could 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. [Under current law, the Board continues to have the authority to 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 act: (a) eliminate the statutory annual budget floor of \$20,352,800; (b) modify the basis point calculation for operating expenses from 0.0275% to 0.0285% in 2007-08 and 0.0325% in 2008-09 and beyond; (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 0.0285% in 2007-08 and 0.0325% in 2008-09 and subsequent years 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.

The average month-end market value of assets under management for the period November 30, 2005 through April 30, 2006, was \$81,726.0 million. As determined under prior law, budget authority for the 2006-07 adjusted base year was established at \$22,474,700.

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 the act's provision (0.0285% of assets), SWIB's 2007-08 operating budget authority is \$25,743,800. 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, multiplied by 0.0325%.

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

JUDICIAL COMMISSION

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
				Amount					Number	
GPR	\$244,600	\$239,100	\$239,100	-\$11,000	-2.2%	2.00	2.00	2.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$12,600
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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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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 would be re-created as a separate agency and provided staffing of 1.0 unclassified attorney position. The act would transfer 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						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$0	\$90,000	\$111,200	\$201,200	N.A.	0.00	1.00	1.00	1.00	N.A.

Budget Change Items

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

Funding Positions		
GPR	\$177,600	1.00

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 would be 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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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						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
GPR	\$34,775,000	\$40,715,800	\$40,803,500	\$11,969,300	17.2%	339.08	358.08	358.08	19.00	5.6%
FED	7,984,300	8,182,100	8,398,700	612,200	3.8	30.85	32.35	32.35	1.50	4.9
PR	38,825,400	41,698,000	41,393,200	5,440,400	7.0	183.31	183.81	183.81	0.50	0.3
SEG	<u>336,200</u>	<u>348,000</u>	<u>348,000</u>	<u>23,600</u>	3.5	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>0.00</u>	0.0
TOTAL	\$81,920,900	\$90,943,900	\$90,943,400	\$18,045,500	11.0%	555.99	576.99	576.99	21.00	3.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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, \$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.

	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

2. DNA ANALYSIS RESOURCES

Provide \$3,409,400 GPR and 31.0 GPR positions, and \$704,900 PR in 2007-08, and \$3,479,700 GPR and 31.0 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.

	Funding	Positions
GPR	\$6,889,100	16.00
PR	<u>844,900</u>	<u>0.00</u>
Total	\$7,734,000	16.00

Funding would allow the Department to 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.

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 were authorized 29.0 DNA analysts.

3. INTERNET CRIMES AGAINST CHILDREN TASK FORCE

	Funding	Positions
GPR	\$699,500	5.00

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 Internet Crimes Against Children (ICAC) unit at DOJ.

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.

4. REIMBURSEMENT FOR COUNTY VICTIM AND WITNESS ASSISTANCE PROGRAMS

PR	\$1,486,900
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Provide \$615,400 in 2007-08 and \$871,500 in 2008-09 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). Additional revenue from this surcharge change is estimated at \$0 annually until revenue growth from the surcharge can be more definitively determined. 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.

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.

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.

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

5. CRIME VICTIM COMPENSATION AWARD FUNDING

Specify the following changes to the crime victim compensation program:

GPR-REV	- \$600,000
PR-REV	\$600,000
FED	\$180,000
PR	<u>600,000</u>
Total	\$780,000

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 prior law, approximately \$300,000 annually was 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) was 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.

[Act 20 Sections: 498 and 3892]

6. SEXUALLY VIOLENT PERSON COMMITMENT AND REEVALUATION PROCEEDINGS

	Funding	Positions
GPR	\$136,300	1.00

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.

7. INFORMATION SYSTEM SYSTEMS DEVELOPMENT SERVICES SPECIALIST

	Funding	Positions
PR	-\$100,000	1.00

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 act, DOJ will 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 will 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. 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.

8. EXECUTIVE ASSISTANT

	Positions
GPR	1.00

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.

9. PARTIAL REALLOCATION OF 2005-07 BASE BUDGET REDUCTION

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.

10. SEXUAL ASSAULT FORENSIC EXAMINATION COMPENSATION PROGRAM

GPR	\$100,000
PR	- 75,000
Total	\$25,000

Delete the prior law sexual assault forensic examination program, which provided 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. Expenditures from the sum sufficient GPR appropriation are estimated at \$50,000 GPR annually under the act.

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; and (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.

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 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 act (October 27, 2007).

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

11. INVESTIGATION AND PROSECUTION EXPENSES

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.

In 2005-06, \$481,800 was deposited to DOJ's investigation and prosecution appropriation. The administration indicates that these provisions under the act will generate an unknown amount of additional revenue for the DOJ appropriation.

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

12. APPROPRIATION REPEALS AND MODIFICATION

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]

13. LAW ENFORCEMENT COMMUNITY POLICING GRANTS PROGRAM

GPR	\$500,000
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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 "DOA -- Office of Justice Assistance."]

14. TRIBAL LAW ENFORCEMENT GRANT PROGRAM

PR	\$160,000
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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 \$700,000 annually in base funding under the program.

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

15. 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

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.

LEGISLATURE

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
				Amount					Number	%
GPR	\$66,968,500	\$69,177,300	\$68,365,000	\$3,605,300	2.7%	768.17	768.17	758.17	- 10.00	- 1.3%
PR	<u>1,819,000</u>	<u>1,946,800</u>	<u>1,959,700</u>	<u>268,500</u>	7.4	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>0.00</u>	0.0
TOTAL	\$68,787,500	\$71,124,100	\$70,324,700	\$3,873,800	2.8%	787.97	787.97	777.97	- 10.00	- 1.3%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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

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. LEGISLATIVE LAPSE REQUIREMENT

GPR-Lapse	\$6,305,600
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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. When combined with the elimination of the Revisor of Statutes Bureau (\$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.

[Act 20 Section: 9130(4v)]

3. ELIMINATE REVISOR OF STATUTES BUREAU

	Funding	Positions
GPR	-\$594,500	- 10.00

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)]

4. MEMBERSHIP DUES APPROPRIATION

GPR	\$119,500
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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.

5. ACTUARIAL STUDY

GPR	\$15,000
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Provide \$15,000 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

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.

LIEUTENANT GOVERNOR

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$402,700	\$408,200	\$408,200	\$11,000	1.4%	4.00	4.00	4.00	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

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

LOWER FOX RIVER REMEDIATION AUTHORITY

Budget Summary					FTE Position Summary	
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		There are no state authorized positions for the Lower Fox River Remediation Authority.
	2007-08	2008-09	Amount	%		
GPR	\$0	\$100,000	\$0	\$100,000	N.A.	

Budget Change Item

1. CREATE AUTHORITY

GPR	\$100,000
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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 may submit an application to the Authority to request the Authority to issue bonds for eligible waterway improvement costs. The consenting landowner making application will 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 will calculate the amount of the assessment and levy the assessment on the consenting landowner. The landowner must pay the assessment to the Authority. The Authority will use the assessment to repay the bonds and associated costs. The state is not liable for the Authority's bonds, and the bonds are not debt of the state.

Definitions. The following definitions are 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 consists 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 will 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 are 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 appoints one member as chairperson and the Board elects one member as vice chairperson.

The Board will 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 will receive such compensation as the Board fixes, except that the compensation of the executive director will not exceed the maximum of the salary range established for positions assigned to executive salary group 4 [\$114,848 for the 2007-08 fiscal year] 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 [\$106,340 for the 2007-08 fiscal year]. The executive director or associate executive director or other person designated by resolution of the Board of

Directors will 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 constitute a quorum. The affirmative vote of a majority of all the members of the Board is necessary for any action taken by the Authority. A vacancy in the membership of the Board of Directors does 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 is to be open to the public. Notice of meetings, or waivers thereof, will 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 receive no compensation for the performance of their duties as members, but each member is reimbursed for actual and necessary expenses while engaged in the performance of the member's duties.

It is not 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. In each case to which the previous point is applicable, the trustee, director, officer or employee of the consenting landowner will 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 will 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 will 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 has 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 are 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.

A biennial appropriation is created with \$100,000 GPR in 2007-08 for the establishment and initial costs of the Authority. The Authority will 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 will be assessed to, and apportioned among, consenting landowners in an equitable manner, and the Authority will repay the initial costs to the Department of Administration for deposit in the general fund. Ongoing operational and management costs will 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 is 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 are 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 are 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 will 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 will

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 will return the excess to the Authority.

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

The assessment levied on affected property of consenting landowners is 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 will 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 will 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 will 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 must pass a preliminary resolution declaring its intention to do so. The resolution is to 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 is to 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 will file a copy of the report with the Authority for public inspection.

After completion and filing of the report required above, the Authority will 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 will publish the notice as a class 1 notice, under ch. 985 of the statutes. The hearing concerning the levying of the proposed assessment will 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 will 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 will publish the final resolution as a class 1 notice, under ch. 985 of the statutes. After the final resolution is published, the Authority may 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 are 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 must 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 is to keep an accurate account of all its activities and of all its receipts and expenditures, and annually in January to 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 is subject to or exempt from a range of statutes and regulations, including the following: (a) the Authority is subject to state laws regulating lobbying activities; (b) the Authority is 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 is not subject to requirements for state agencies related to surveillance of state employees; (e) the Authority, its officers, and employees are 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 is subject to certain provisions of state law regarding accounting, purchasing and bidding, including requirements with respect to nondiscriminatory contracting practices; (g) the Authority is subject to requirements related to dual employment of individuals by state agencies and authorities; (h) the employees and members of the Board of Directors are required to file ethics disclosure forms; (i) the Authority is not 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 is not included in the definition of a

"state agency" for requirements related to making purchases and awarding contracts to the low bidder; (k) the Authority is included in the requirements that state agencies must follow related to hiring of employees; (L) the Authority is included in state open records and open meetings laws; and (m) the Authority is not 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						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
SEG	\$170,500	\$186,900	\$186,900	\$32,800	9.6%	2.00	2.00	2.00	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$32,800
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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						FTE Position Summary
Fund	2006-07	Act 20		2007-09 Change Over		
	Adjusted Base	2007-08	2008-09	Base Year Doubled	Amount	
GPR	\$7,486,400	\$7,400,800	\$7,613,300	\$41,300		0.3%
PR	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>0</u>		0.0
TOTAL	\$7,736,400	\$7,650,800	\$7,863,300	\$41,300		0.3%

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.

Budget Change Item

1. DEBT SERVICE REESTIMATE

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

MILITARY AFFAIRS

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$20,565,200	\$20,939,900	\$21,375,700	\$1,185,200	2.9%	88.82	88.82	88.82	0.00	0.0%
FED	46,463,500	48,524,600	48,524,600	4,122,200	4.4	243.35	243.35	243.35	0.00	0.0
PR	5,472,800	5,685,200	5,685,200	424,800	3.9	45.74	45.74	45.74	0.00	0.0
SEG	<u>3,474,500</u>	<u>474,500</u>	<u>474,500</u>	<u>-6,000,000</u>	-86.3	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	0.0
TOTAL	\$75,976,000	\$75,624,200	\$76,060,000	-\$267,800	-0.2%	377.91	377.91	377.91	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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	424,800
Total	\$5,233,000

2. DEBT SERVICE REESTIMATES

Reestimate debt service costs related to National Guard facilities 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.

GPR	\$870,700
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3. MAJOR DISASTER ASSISTANCE PROGRAM

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.

SEG	-\$6,000,000
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Provide that the dollar amount for this appropriation be increased in 2007-08 by the lesser

of \$1,000,000 or the unencumbered balance in the appropriation immediately before the lapse of any money remaining in the appropriation on June 30, 2007.

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).

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

4. FUEL AND UTILITY COST INCREASES

GPR	\$715,000
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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.

5. UTILITY FUNDING FOR AIR BASES

GPR	\$40,000
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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).

6. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL

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. The annual salary range for ESG 5 is from \$80,023 to \$124,036 for the 2007-08 fiscal year. The range for ESG 6 is from \$86,424 to \$133,960. The provision under Act 20 would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

[Act 20 Section: 620]

7. NATIONAL GUARD TUITION GRANTS

GPR	-\$1,126,500
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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.

8. NATIONAL GUARD TUITION GRANTS PREAPPLICATIONS

Delete the 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.

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

MISCELLANEOUS APPROPRIATIONS

Budget Summary						FTE Position Summary
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		There are no authorized positions for Miscellaneous Appropriations.
		2007-08	2008-09	Amount	%	
GPR	\$114,283,300	\$139,618,900	\$147,231,400	\$58,283,700	25.5%	
SEG	<u>27,695,700</u>	<u>42,215,500</u>	<u>28,513,500</u>	<u>15,337,600</u>	27.7	
TOTAL	\$141,979,000	\$181,834,400	\$175,744,900	\$73,621,300	25.9%	

Budget Change Items

1. OPERATING NOTE INTEREST AND ISSUANCE COSTS

GPR	\$23,625,000
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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

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. Under Act 20, the transfer increases to \$20,321,700 in 2007-08.

3. ENVIRONMENTAL FUND (NONPOINT)

GPR	\$2,779,000
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Provide \$334,000 in 2007-08 and \$2,445,000 in 2008-09 under the appropriation for making an annual transfer to the nonpoint account of the environmental fund. Further, convert the appropriation from sum sufficient to annual and delete provisions basing the annual transfer on the prior year's sale of supplemental motor vehicle titles.

[Act 20 Section: 572c]

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

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

Reduce funding by \$577,100 GPR 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 (SEG-REV) by a corresponding amount to reflect a reduction in the transfer. Under existing 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, 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 will 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 act, 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

GPR	\$955,700
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Increase payments by \$419,300 in 2007-08 and \$536,400 in 2008-09 to reflect estimated oil pipeline terminal tax payments of \$1,071,400 in 2007-08 and \$1,188,500 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.

6. RAIL PROPERTY TERMINAL TAX PAYMENT REESTIMATE

SEG	\$82,900
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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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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. Total expenditures for this purpose are estimated at \$1,275,000 annually.

8. TRANSFERS TO THE CONSERVATION FUND

GPR	-\$87,900
SEG	774,700
Total	\$686,800

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:

	<u>2006-07</u>	<u>2007-08</u>		<u>2008-09</u>	
		<u>Change to 2006-07</u>	<u>Total</u>	<u>Change to 2006-07</u>	<u>Total</u>
Snowmobile Transfer	\$4,738,200	-\$200,600	\$4,537,600	-\$239,200	\$4,499,000
ATV Transfer	1,734,300	80,900	1,815,200	142,900	1,877,200
Water Resources Transfer	<u>13,163,400</u>	<u>397,400</u>	<u>13,560,800</u>	<u>593,300</u>	<u>13,756,700</u>
Total	\$19,635,900	\$277,700	\$19,913,600	\$497,000	\$20,132,900

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.

9. MARQUETTE DENTAL SCHOOL DEBT SERVICE

GPR	\$24,000
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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.

10. OTHER MISCELLANEOUS APPROPRIATION CHANGES

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."

11. AVIATION FUEL PETROLEUM INSPECTION FEE REFUND REESTIMATE

SEG	\$480,000
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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.

12. DEPARTMENT OF ADMINISTRATION -- ONE-TIME GRANTS

GPR	\$87,500
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Create an annual GPR aids to individuals and organizations appropriation with \$87,500 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 July 1, 2009.

a. *Resch Aquatic Center.* Provide \$15,000 on a one-time basis in 2007-08 to the Resch Aquatic Center in the City of 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 on 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; and

f. *Cleghorn Community Center.* Provide \$15,000 on a one-time basis in 2007-08 to fund parking lot and road improvements at the Cleghorn Community Center in the Town of Pleasant Valley in Eau Claire County.

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

13. ELECTION CAMPAIGN FUND REESTIMATE

GPR	- \$14,200
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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).

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						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
GPR	\$148,786,200	\$153,000,900	\$157,983,400	\$13,411,900	4.5%	296.85	296.85	296.85	0.00	0.0%
FED	71,667,800	73,724,300	73,555,800	3,944,500	2.8	471.35	455.35	451.85	-19.50	-4.1
PR	37,254,700	40,484,200	38,359,900	4,334,700	5.8	261.64	265.64	265.64	4.00	1.5
SEG	<u>281,530,300</u>	<u>305,689,000</u>	<u>309,737,400</u>	<u>52,365,800</u>	9.3	<u>1,687.34</u>	<u>1,696.19</u>	<u>1,699.19</u>	<u>11.85</u>	0.7
TOTAL	\$539,239,000	\$572,898,400	\$579,636,500	\$74,056,900	6.9%	2,717.18	2,714.03	2,713.53	-3.65	-0.1%
BR		\$898,000,000								

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

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, 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.

	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

2. DEBT SERVICE REESTIMATES

Provide \$3,156,900 in 2007-08 (\$2,988,800 GPR, -\$50,000 PR, and \$218,100 SEG) and \$7,882,400 in 2008-09 (\$6,816,300 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

GPR	\$9,805,100
PR	-100,000
SEG	<u>1,334,200</u>
Total	\$11,039,300

and urban non-point source grants, combined sewer overflow, municipal clean drinking water, and pollution abatement grants.

3. AIDS IN LIEU OF PROPERTY TAXES

GPR	\$1,955,000
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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. RENTAL COSTS

FED	\$403,600
SEG	<u>1,315,000</u>
Total	\$1,718,600

Provide \$859,300 annually (\$201,800 FED and \$657,500 SEG) for DNR facility rental costs across the state. 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

5. FLEET RATE INCREASE

PR	\$24,200
SEG	<u>668,000</u>
Total	\$692,200

Provide \$692,200 in 2008-09 for anticipated fleet rate increases affecting all programs. A 15% rate increase is anticipated due to a decline in available reserve funds combined with increasing fleet acquisition, maintenance, and insurance costs. Expenditure authority would be 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

6. ENVIRONMENTAL ANALYSIS OF ROAD PROJECTS

	Funding	Positions
PR	\$351,400	3.00

Provide 3.0 regional environmental analysis and review specialist positions beginning in 2007-08 and \$150,600 in 2007-08 and \$200,800 in 2008-09 for associated salary, fringe benefits, and supplies to support the analysis of Department of Transportation and local government transportation projects. 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 these positions, 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.

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.

Under the act, the 3.0 additional positions are also assigned to DNR's Bureau of Science Services, Environmental Analysis and Review Program. This brings environmental analysis staffing for this purpose to ten. The equivalent of seven positions will continue to perform environmental reviews of state roadway projects, while the equivalent of three staff are utilized for a similar effort to assist local governments in completing the environmental review process and to provide a single point of contact in each county for local road projects.

[Act 20 Sections: 306m and 2557m]

7. TRANSFERS BETWEEN APPROPRIATIONS

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 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 will

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 will 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) is a water supply specialist.

8. TRANSFERS WITHIN APPROPRIATIONS

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 will 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), will be moved to the Watershed Management Bureau. The transfers include positions and associated supplies. The 65.5 positions transferred 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 will be reorganized to reflect the organization of other program management bureaus throughout the Department. The Water

Program Management Bureau will then include only the Division Administrator, the Deputy Division Administrator, the Administrative Policy Advisor, and the five Regional Water Leaders. All other staff will 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 will complete modifications to the 2003-05 and 2005-07 budgets. DNR will transfer supplies funding from the Law Enforcement Bureau to the Science Services 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 will 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 will move the 0.5 SEG position to the Endangered Resources Bureau, but the position would remain funded from fish and wildlife SEG.

9. INVASIVE SPECIES PENALTIES

Specify penalties for violations relating to controlling or introducing invasive species for which there was no statutory penalty specified under prior law. Penalties under the act include a forfeiture, not to exceed \$200, and fines and terms of imprisonment for intentional violations and for repeat violations. (Under prior law 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. Prior to Act 20, distribution of invasive aquatic plants carried 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 act corrects this language from a forfeiture to a fine to reflect the misdemeanor (criminal) penalty, but retains the current penalties.

In addition, prior to Act 20 DNR was required to administer a statewide program to control invasive species which includes promulgating rules to classify invasive species for the program. The act requires the Department to promulgate rules to identify and control invasive species, as well as classify them. Further, the act authorizes DNR to establish procedures and requirements for issuing permits to control invasive species.

Under the act, 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 act 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 act also creates a mechanism for enforcement of these penalties. If DNR finds that any person is violating the invasive species rules or permits, the act 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 act would require DOJ to consult with DNR before determining the final disposition.

Finally, the act authorizes 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]

10. GRANT TO FLORENCE WILD RIVERS INTERPRETIVE CENTER

GPR	\$54,000
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Provide \$27,000 GPR annually 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.

[Act 20 Sections: 281q and 718m]

Stewardship Program

1. STEWARDSHIP REAUTHORIZATION

BR	\$860,000,000
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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 increases the total general obligation bonding authority of the stewardship program by \$860 million, to \$1,663,000,000 (from \$803 million currently).

Under the Warren Knowles-Gaylord Nelson Stewardship 2000 program, administered by DNR, current law authorizes the state to incur public debt by issuing bonds for the purposes of (a) acquiring land to expand recreational opportunities and protect environmentally sensitive areas; (b) developing outdoor recreational 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 land for nature-based outdoor recreation. The state generally issues 20-year tax-exempt general obligation bonds to support stewardship purchases and grants. Debt service for stewardship bonding is primarily funded from a sum sufficient, general purpose revenue (GPR) appropriation (\$25.6 million in 2005-06), with a portion of the funding (\$13.5 million annually beginning in 2007-08) coming from the forestry account of the conservation fund.

Prior to Act 20, the program was 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 extends the program for an additional 10 years, to 2019-20, and increases 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 extends to the expanded program 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 prior program and under the act.

	<u>2006-07</u>	<u>Act 20</u>		
		<u>2007-08</u>	<u>2008-09 and 2009-10</u>	<u>Beginning 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, 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 is also 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 had been allocated annually under the land acquisition subprogram, and allocations under the act.

Land Acquisition Subprogram

	<u>2006-07</u>	<u>Act 20</u>		
		<u>2007-08</u>	<u>2008-09 and 2009-10</u>	<u>Beginning 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 creates 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 requires each county receiving a grant under this program to provide matching funds of at least 50% of the land acquisition costs. Further, the act prohibits 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 preexisting program; the act extends 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. Beginning in 2010-11, the act increases the annual bonding authority dedicated to property development and local assistance to \$21.5 million, and increases 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 also 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 previous \$200,000). The following table illustrates how funding is allocated annually under the property development and local assistance subprogram under the current program, and will be allocated under the act.

Property Development and Local Assistance Subprogram

	<u>Current Program</u> <u>(Through 2009-10)</u>	<u>Act 20</u> <u>(Beginning in 2010-11)</u>
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 cities, 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 the current program, 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 act, beginning in fiscal year 2010-11 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 creates a recreational boating aids subprogram and dedicates \$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 act transfers \$1.5 million in 2007-08 and \$2.5 million beginning in 2008-09 from recreational boating aids to an appropriation to provide grants for the control of aquatic invasive species. See DNR -- 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

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 effective July 1, 2010. 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 are 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). Under the act, these acquisitions are not subject to Joint Finance review.

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

3. PUBLIC ACCESS ON STEWARDSHIP LAND

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, hiking, 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 of the purposes listed above and the reason for the closure.

[Act 20 Sections: 638mg and 638mj]

4. STEWARDSHIP ACREAGE ALLOCATION

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]

5. IDENTIFICATION OF STEWARDSHIP LANDS

Require DNR, before November, 2011 (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 six months of receiving stewardship funds for

land acquired on or after October 27, 2007; and prior to November 2011, for land acquired before October 27, 2007). Specify that the signs be at least 108 square inches and made of a durable substance. The act requires 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 act requires 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]

6. STEWARDSHIP EARMARKS

Provide for the following five earmarks from the stewardship program. First, 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 act authorizes DNR to expend bonding authority from either the land acquisition subprogram or the property development and local assistance subprogram.

Second, direct DNR to expend up to \$600,000 under the 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 or the property development and local assistance subprogram.

Finally, provide up to the following amounts from the 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 is 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 plans to 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.

[Act 20 Sections: 658 thru 658t]

7. LAND MANAGEMENT

SEG	\$400,000
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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 includes: \$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.

8. LAND MANAGEMENT CONTRACTS

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

GPR	\$272,000
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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 was provided.

2. KARNER BLUE BUTTERFLY HABITAT

SEG	\$20,000
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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. Under the act, the revenues will be deposited to the forestry account. Estimate the appropriation at \$10,000 annually.

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. Prior to Act 20, these fees were deposited in an escrow account administered by the Natural Resources Foundation under the authority of the partnership. Foundation officials indicate that approximately \$10,000 in gifts and fees was deposited into the account in calendar year 2006.

[Act 20 Section: 274]

3. CWD AND WILDLIFE DAMAGE FUNDING

SEG	- \$2,142,400
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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. Under the act, eligible wildlife damage related expenses may exceed anticipated revenues by \$1.5 million by June 30, 2009. (A requirement that DNR submit a plan for addressing this shortfall was item vetoed by the Governor.)

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. Prior 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</u> <u>2005-06</u>	<u>Estimated</u> <u>2006-07</u>	<u>Budgeted</u> <u>2007-08</u>	<u>Budgeted</u> <u>2008-09</u>	<u>Estimated</u> <u>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.

4. WILDLIFE DAMAGE REESTIMATES

SEG	\$2,839,600
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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 update the continuing appropriation amounts to reflect anticipated activity for the 2007-09 biennium.

5. WARDEN OVERTIME

SEG	\$285,500
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Provide \$119,000 in 2007-08 and \$166,500 in 2008-09 for increased conservation warden overtime. 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

6. WARDEN RADIOS

SEG	\$411,400
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Provide \$207,100 in 2007-08 and \$204,300 in one-time funding in 2008-09 to purchase new radios for law enforcement wardens 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

Of the amount provided, \$123,600 in 2007-08 and \$118,600 in 2008-09 will 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, \$83,500 in 2007-08 and \$85,700 in 2008-09 is for the payment of the first two years of an expected four-year master lease for an additional 95 mobile radios and 45 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.

7. WARDEN VEHICLE DATA COMMUNICATIONS

SEG	\$228,800
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Provide \$228,800 in 2007-08 for mobile data communications for law enforcement wardens. The Department will devote \$80,400 to complete master lease payments for vehicle modems, which began in the 2005-07 biennial budget. The remaining \$148,400 is for purchasing 180 new docking stations for all warden vehicle computers. Expenditure authority is 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

8. WARDEN MOBILE COMPUTERS

SEG	\$511,100
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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 will cover the first two years of a four-year

master lease for 210 durable laptop computers. The upgraded computers will 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 is 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

9. ENVIRONMENTAL ENFORCEMENT LTEs

SEG	\$165,000
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Provide \$82,500 annually from the environmental fund to provide additional LTEs for environmental enforcement activities. Five LTEs, one LTE in each of the five DNR regions, are provided.

10. WILDLIFE VIOLATOR COMPACT

	Funding	Positions
SEG	\$147,000	0.75

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. The compact allows the state to track violators who have had their hunting, fishing, or trapping privileges revoked in other states. Ongoing funding reflects 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.

11. FISHING TOURNAMENT PERMIT ADMINISTRATION

SEG	\$20,000
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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 is for 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.

12. SHOVELNOSE STURGEON PERMIT

SEG-REV	\$300
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Create an annual permit for shovelnose sturgeon harvest, with the fee set at \$50.75 for residents (including a 75¢ issuing fee). Permits are not authorized for nonresidents.

Prior to Act 20, in order to harvest shovelnose sturgeon, an individual was required to 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 act requires that any resident applying for the shovelnose sturgeon permit also hold at least one of these licenses in order to be issued a permit. In addition, the act specifies that no person may take shovelnose sturgeon or shovelnose sturgeon eggs unless the person has a permit issued by DNR. Each permit holder must 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. Permits are estimated to result in increased revenues to the fish and wildlife account of the conservation fund of approximately \$150 annually.

[Act 20 Sections: 713 and 716]

13. LAC DU FLAMBEAU TWO-DAY RESIDENT INLAND TROUT FISHING LICENSE

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.

The Lac du Flambeau band currently 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.

Act 20 adds 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. 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 act adds 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]

14. ALIS MANAGEMENT SYSTEMS

SEG - \$10,300

Provide \$93,100 in 2007-08 and -\$103,400 in 2008-09 related to an upgrade of the Automated Licensing Issuance System (ALIS), the continuation of a master lease entered into in 2006-07 for updates to the Boat, ATV and Snowmobile registration system (BATs), and a reestimate of the ALIS system contract. ALIS is a computerized, on-line system for the sale of various DNR licenses, permits and approvals, primarily hunting and fishing licenses.

The act creates 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 is 83¢. Prior to Act 20, license fee revenues were deposited into the conservation fund, and the contract payments were made to Central Bank Trust from an appropriation related to general operations of the Customer Assistance and Employee Services Division. The act creates 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.

[Act 20 Sections: 302s and 707]

15. BOAT REGISTRATION FEE INCREASE

SEG-REV \$1,200,000

Increase the fees paid for a three-year boat registration as shown below (by approximately 15%). This is expected to increase revenues to the boat registration account by approximately \$330,000 in 2007-08 and \$870,000 in 2008-09.

	<u>Prior Fee</u>	<u>Act 20</u>	<u>Act 20 Increase</u>	<u>Percent Increase</u>
Non-Motorized				
Volunteer	\$9.75	\$11.00	\$1.25	13%
Sailboat	15.00	17.00	2.00	13
Motorized				
Under 16'	16.50	19.00	2.50	15
16' to 26'	24.00	28.00	4.00	17
26' to 40'	45.00	52.00	7.00	16
Over 40'	75.00	86.00	11.00	15

Voluntarily registered non-motorized boats could include canoes, kayaks, other human-powered boats, or sailboats under 12 feet in length.

[Act 20 Sections: 720 thru 725]

16. LOCAL ATV AIDS

SEG	\$1,711,800
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Provide \$868,900 in 2007-08 and \$842,900 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 (\$80,900 in 2007-08 and \$142,900 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 act, local trail aids are funded at \$3.9 million each year.

Additionally, \$300,000 annually is 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.

17. STATE ATV PROJECTS

SEG	\$350,000
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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.

18. NORTHERN STATE FOREST ATV TRAILS

SEG	\$584,100
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Provide \$504,100 in 2007-08 and \$80,000 in 2008-09 from the ATV account of the conservation fund for a sustainable all-terrain vehicle trails system in the Northern Highland-American Legion State Forest. Specify that Natural Resources Board approval is required before this funding may be allocated. There are approximately 120 miles of designated trails for ATV use on northern state forest properties. Funding under the act 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.

[Act 20 Section: 9135(4g)]

19. ATV SAFETY ENHANCEMENT GRANTS

SEG	\$100,000
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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.

20. ATV LANDOWNER INCENTIVE PROGRAM

SEG	\$410,000
SEG-REV	\$190,000

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 act increases 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 \$18 annual non-resident ATV trail pass 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 previously available for general ATV account appropriation).

[Act 20 Sections: 274m, 282k thru 282L, 664m, 665g, 665r, 743s, 1959c, 2021e, 2086k, 2086L, 2087e, 2087g, 2922u, 3660g, 9341(11q), and 9435(3q)]

21. LIGHTWEIGHT UTILITY VEHICLES PILOT PROGRAM

SEG	\$10,000
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Provide \$10,000 SEG in 2007-08 from the ATV account of the conservation fund. DNR may provide grants (not to exceed \$2,000 to any county) to Florence, Forest, Langlade, Lincoln, Marinette, Oneida, Sawyer, 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. The pilot program will 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 are all-terrain vehicles. Further, specify that the operator of a lightweight utility vehicle must possess a valid motor vehicle operator's license and that any trial fees imposed on all-terrain vehicle use by a county or municipalities also apply to the operation of a lightweight utility vehicle.

Require DNR, in consultation with the Department of Transportation and the participating 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 DNR to submit a report describing the results of this evaluation to the appropriate standing committees of the legislature by January 1, 2010.

[Act 20 Sections: 282k, 282km, and 666m]

22. SNOWMOBILE TRAIL AIDS

SEG	- \$593,400
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Reduce the snowmobile trails aid appropriation by \$277,400 SEG in 2007-08 and \$316,000 SEG in 2008-09 to reflect expected snowmobile fuel tax revenues and nonresident trail pass revenues.

23. DUPLICATE RECREATIONAL SAFETY CERTIFICATES

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 a 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 act establishes a fee of \$2.75 for a duplicate certificate for completion of the boating, all-terrain vehicle, and snowmobile safety programs. The act specifies that revenues from duplicate safety certificates be credited to the continuing appropriation for education and safety programs.

[Act 20 Sections: 280, 665, 726, and 3437]

24. APPROPRIATION TECHNICAL CORRECTION

Provide for a technical correction that clarifies that DNR's law enforcement federal revenue appropriation is a federal appropriation, rather than a segregated conservation fund 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]

25. MUSKELLUNGE FISHING SEASON

Specify that DNR 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 a catch and release muskellunge season established by the Department.

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.

[Act 20 Section: 712r]

26. CATCH AND RELEASE BASS FISHING

Specify that no person may use any hooks, baits or lures other than artificial lures with barbless hooks while fishing a catch and release bass 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.

[Act 20 Section: 712m]

27. LAKE WINNEBAGO COMPREHENSIVE PROJECT

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.14E.; the NW-1/4 of Sec. 1, T.19 N., R. 14E; 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]

28. PREPARATION OF FISH BROUGHT IN BY CHARTER BOATS

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.

Prior to Act 20, an innkeeper, manager, or steward of any restaurant, club, hotel, boarding house, tavern, logging camp or mining camp was 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 have been obtained legally, profit may not be the primary purpose for serving the game fish and the restaurant was required to close to the general public while serving the game fish, comply with certain food safety requirements, and notify the patrons that the game fish are not from an approved source. In addition, under current law, 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 the act, a DNR permit is not required if the fish is served to the person who caught it, a restaurant is not required to close to the general public while serving the fish, and the restaurant may profit from preparing and serving the fish.

[Act 20 Sections: 713d and 3066h]

Forestry and Parks

1. OUTDOOR RECREATIONAL ACTIVITIES LAND ACQUISITION GRANT PROGRAM

SEG	\$1,000,000
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Provide \$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 will 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 act does not specify any local match requirement.

The act creates a five-member Managed Forest Land (MFL) Board to administer the grant program, which will 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 will serve for terms expiring on May 1, 2009, and two of the initial members will 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 act expands the specified uses of closed acreage fees to include these grants.

The act requires DNR to promulgate administrative rules, in consultation with the Board, that include the following requirements: (a) the Board must 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 must 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; (d) requirements regarding the use of sound forestry practices on land acquired through these grants; (e) 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; and (f) specify that no more than 10% of grant funds under this program may be used to purchase parcels less than 10 acres in size.

[Act 20 Sections: 30, 68, 282, 2481, 2482, and 9135(1)]

2. LEASING ON MANAGED FOREST LAND

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: (a) at any time for lands entered into MFL after October 27, 2007; or (b) on January 1, 2008, for lands designated as managed forest land prior to October 27, 2007. 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.

Under existing law, land designated as managed forest law is prohibited from being developed for commercial recreation, for industry, or for any other use determined by DNR 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 had 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. The act 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

SEG	\$1,627,300
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Provide \$690,600 in 2007-08 and \$936,700 in 2008-09 (including \$546,100 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	\$375,600	\$621,700
Radio Communication Master Lease	300,000	300,000
Fire Tower Safety Inspection and Repair	<u>15,000</u>	<u>15,000</u>
Total	\$690,600	\$936,700

Funding is provided for the following three items:

First, provide \$375,600 in 2007-08 and \$621,700 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 \$321,100 annually is for increased LTE support.

Second, provide \$300,000 annually on a one-time 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.

4. INVASIVE SPECIES CONTROL

SEG	\$160,000
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Provide \$50,000 in 2007-08 and \$110,000 in 2008-09 from the forestry account for a state-wide program to control invasive species. 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.

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.

	<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

[Act 20 Sections: 281qm, 699c thru 699x, and 702]

5. PARKS AND SOUTHERN FOREST OPERATIONS

	Funding	Positions
SEG	\$484,500	3.00

Provide \$135,300 in 2007-08 (\$18,100 forestry account and \$117,200 parks account) and \$349,200 with 3.0 positions in 2008-09 (\$18,100 forestry and \$331,100 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 act provides additional operations funding from the parks and forestry accounts of the conservation fund. Funding is 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	0	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
Potawatomi	Pier Installation	4,000	4,000
Wildcat Mountain	Visitor Station	0	7,100
Willow River	New Campground	0	16,000
Yellowstone	Visitor Station Toilet/Shower Building Shop Building	20,300	20,300
Total		\$135,300	\$349,200

*Forestry SEG

Funds provided for facilities currently being developed 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.

6. STATE PARK MOBILE RADIOS

SEG	\$94,400
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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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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 act includes \$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 act also provides \$82,000 in 2007-08 and \$86,500 in 2008-09 for office rent, office support, equipment maintenance, boat pier utilities, and supplies.

8. CAMPSITE ELECTRICAL SERVICE

SEG	\$141,000
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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. Funds include \$56,200 annually for supplies and utility costs, and \$14,300 annually for LTE assistance.

9. PARKS INTERPRETIVE FEES

Create a SEG continuing appropriation into which revenues from fees for educational and interpretive programs in state parks is credited, to be used for costs associated with those programs.

Existing law authorizes DNR to charge fees, in addition to vehicle admission fees, for special programs and events in state parks. Prior to Act 20, these fee revenues were deposited in the parks account, but were not statutorily designated for a particular purpose.

[Act 20 Section: 273]

10. INFORMATION TECHNOLOGY-BADGERNET COSTS

SEG	\$300,000
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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 is provided to make the transfer to high speed service, provide 24-hour, 7-day connection and equipment support at most locations. The act provides \$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

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 had been authorized for 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 act creates a renewable energy grant and loan program in the Wisconsin Development Fund under Commerce, from the segregated recycling fund.

[Act 20 Sections: 700 and 702]

12. TIMBER SALES CONTRACTS

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 existing 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. 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

SEG	- \$1,600,000
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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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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 to more closely 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. These actions are expected to increase the June 30, 2009, available balance of the forestry account by over \$1.4 million.

[Act 20 Section: 9235(5k)]

15. COUNTY FOREST ASSOCIATION GRANT

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 will cost at least \$38,200 annually, or more 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

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.

Prior to Act 20, an exemption for state park vehicle admission fees existed 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 was required to 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 was required for each date on which the motor vehicle was admitted to the vehicle admission area. This provision expands the exemption for motor vehicles transporting students to an outdoor academic class to include students from a Wisconsin accredited college or university. This will result in a minimal loss of revenue to the parks account.

[Act 20 Section: 700e]

Water Quality

1. WATER RESOURCES ACCOUNT LAPSES

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 will not affect ongoing appropriation levels, but rather 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

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 are not 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

SEG	\$431,000
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Provide \$215,500 in 2007-08 from the water resources account of the conservation fund and \$215,500 annually beginning in 2008-09 from the boat registration account for LTE support to manage aquatic invasive species. Two LTE conservation wardens in each of the five DNR regions are funded, providing 10 wardens for 24 weeks during the boating season. These LTE wardens visit boat landings to conduct public education and enforcement of aquatic invasive regulations.

3. AQUATIC INVASIVE SPECIES GRANTS

SEG	\$600,000
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DNR administers a financial assistance program which awards cost-sharing grants for projects to control invasive species, including education and inspection activities at boat landings. The act increases the state cost-sharing grant (from 50%) to up to 75% of the costs of projects to control aquatic invasive species. In addition, it deletes a restriction that grants be awarded to local governmental units. This action makes any public or private entity eligible for a state grant.

Previously, the Department was to make available \$1,500,000 annually for aquatic invasive species grants from its lake protection grant appropriation. The act transfers \$1,500,000 annually from the lake protection grant appropriation to a biennial appropriation solely for the distribution of grants for the control of aquatic invasive species. The act also provides an additional \$300,000 water resources SEG annually.

Further, the act transfers \$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 makes \$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. The act then provides \$1.5 million in 2007-08 and \$2.5 million each year 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 DNR -- Stewardship Reauthorization.)

[Act 20 Sections: 282Lm, 282m, 638r, 646m, and 661]

4. OSHKOSH AQUATIC INVASIVE SPECIES EARMARK

Direct DNR to provide \$25,000 in 2007-08 from the 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.

[Act 20 Section: 9135(4c)]

5. SUPERIOR HARBOR CORROSION STUDY

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.

[Act 20 Section: 9135(4f)]

6. SOUTHEASTERN WISCONSIN FOX RIVER COMMISSION

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 brings 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 annually.

[Act 20 Sections: 282e, 282f, 9135(2v), and 9435(1w)]

7. NONPOINT ACCOUNT REVENUE

SEG-REV \$11,365,000

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) by 75¢ per ton, effective with waste disposed of beginning November 1, 2007. The 75¢ per ton is deposited to the nonpoint account of the environmental fund. The tipping fee is expected to increase revenue to the nonpoint account by \$750,000 in 2007-08 and \$5,840,000 in 2008-09.

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 \$3,275,000 in 2008-09. (Previously the transfer was made in October based on title fee revenues from the prior fiscal year.)

[Act 20 Sections: 572c, 690, 2542c, 3089, and 3090]

8. NONPOINT ACCOUNT MODIFICATIONS

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.

9. RURAL NONPOINT BONDING

BR	\$12,000,000
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Provide an increase in general obligation bonding authority of \$5,000,000 (from \$89.3 million previously 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 previously 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.

[Act 20 Sections: 587 and 588]

10. URBAN NONPOINT BONDING

BR	\$6,000,000
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Provide an increase in general obligation bonding of \$6,000,000 (from \$23.9 million previously 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 provides cost-share grants for landowners to install nonpoint source water pollution abatement projects and financial assistance to municipalities and sewerage districts for the construction of facilities and structures that aid in the collection and transmission of storm water.

[Act 20 Section: 590]

11. CHIPPEWA FALLS MUNICIPAL FLOOD CONTROL GRANT

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 is 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.

[Act 20 Sections: 282r, 590, and 9135(1i)]

12. ANIMAL WASTE MANAGEMENT GRANTS

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. Prior to Act 20, DNR could only make grants for animal waste management purposes under the competitive targeted runoff management (TRM) grant program. However, if the property on which DNR 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 set aside \$100,000 for this purpose in calendar year 2007).

[Act 20 Sections: 3079 thru 3081]

13. MARINA CONDOMINIUMS

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]

14. CONTAMINATED SEDIMENT REMOVAL BONDING

BR	\$17,000,000
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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 are estimated for the 2007-09 biennium. The administration indicates that the funds will 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 are expected to leverage \$31 million in federal funds from the Great Lakes Legacy Fund.

[Act 20 Sections: 291, 591, and 3082]

15. CONTAMINATED SEDIMENT POSITION

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 act, the paper companies will pay DNR directly for the position.

	Funding	Positions
FED	-\$144,800	- 1.00
PR	144,800	1.00
Total	\$0	0.00

16. HIGH-CAPACITY WELL PROGRAM COSTS

PR	\$1,294,000
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Provide \$22,000 annually for limited-term employees to collect groundwater use data from owners of high-capacity wells. Further, provide an increase of \$1,250,000 in 2007-08 in the groundwater mitigation grants and local assistance appropriation to reestimate the amount available for this purpose.

17. ENVIRONMENTAL FUND POSITIONS

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.

	Funding	Positions
SEG	-\$202,400	- 1.90

18. WELL ABANDONMENT GRANTS

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]

Air, Waste, and Contaminated Land

1. STATE SOLID WASTE TIPPING FEES

Increase solid waste tipping fees by \$2.10 per ton, effective for most waste (other than high volume industrial waste) disposed of on or after November 1, 2007. The increases include \$1 per ton for recycling, 35¢ for environmental management, and 75¢ for nonpoint source water pollution abatement. Revenues are expected to increase by \$4.1 million in 2007-08 and \$15.7 million in 2008-09, and are described under separate entries for each of the three fees. The following table shows the amount of state tipping fees per ton.

State Solid Waste Tipping Fees - Non- High-Volume Industrial Waste

<u>Fund, Fee</u>	<u>Type</u>	<u>Prior Law</u>	<u>Act 20</u>
Recycling and Renewable Energy	SEG	\$3.00	\$4.00
Environmental management account - environmental repair	SEG	0.50	0.85
Environmental management account - groundwater	SEG	0.10	0.10
Environmental management account - well compensation	SEG	0.04	0.04
Nonpoint account	SEG	0.00	0.75
DNR Solid waste landfill administration	PR	0.15	0.15
DOA Solid Waste Facility Siting Board	PR	<u>0.007</u>	<u>0.007</u>
		\$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

SEG-REV \$10,270,000

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. RECYCLING GRANTS TO LOCAL GOVERNMENTS

SEG	\$13,000,000
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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).

4. COMPENSATION FOR REMEDIATION OF PCB CONTAMINATED SEDIMENT

SEG	\$4,500,000
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Provide \$1,500,000 in 2007-08 and \$3,000,000 in 2008-09 from recycling and renewable energy fund SEG 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) will issue awards to eligible claimants for eligible reimbursement costs. An eligible claimant is 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 is 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 will 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 is 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. 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 is 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 will 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 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 is 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 is required to pay five percent of the total eligible costs.

DNR is 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 is 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 is 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 will 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 may 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 is authorized to submit a petition for reconsideration to the DNR Secretary. The DNR Secretary is 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 will meet with the applicant and DNR staff. The DNR Secretary will have to issue a decision on the reconsideration within 30 days of the meeting with the applicant and DNR staff. A request for reconsideration is not 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 may petition for a contested case hearing. A request for a contested case hearing will 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 is authorized to file a petition for judicial review of the award.

The existence of the relief under the program is not 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 is not 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 are not admissible in any civil action.

A claim may be submitted for disposal of PCB contaminated sediments, for disposal that occurs on or after May 1, 2007.

DNR is required to promulgate administrative rules that establish procedures for the submission, review and approval of claims under the program. DNR is 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 will 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.

[Act 20 Sections: 282w, 3094h, and 9135(1f)]

5. RECYCLING DEMONSTRATION GRANTS

SEG	\$2,000,000
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Provide \$1,000,000 annually from recycling and renewable energy fund SEG for the waste reduction and recycling demonstration grant program. The funds will 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 was appropriated \$500,000 in 2006-07, and, in addition, had 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.

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.

[Act 20 Section: 3086k]

6. PERMANENT VEHICLE ENVIRONMENTAL IMPACT FEE

SEG-REV \$19,080,000

Extend the December 31, 2007, sunset of the \$9 per title vehicle environmental impact fee by two years to December 31, 2009. This will generate additional revenue estimated at \$6,210,000 in 2007-08 and \$12,870,000 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 approximately 50% of revenue to the account, including \$12.1 million in 2006-07.

[Act 20 Section: 3216]

7. ENVIRONMENTAL REPAIR TIPPING FEE INCREASE

SEG-REV \$2,940,000

Increase the environmental repair solid waste tipping fee imposed on municipal and non high-volume industrial waste by 35¢ per ton 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). Specify that the 35¢ be deposited in the environmental management account of the environmental fund. The fee increase is expected to generate additional revenue of \$420,000 in 2007-08 and \$2,520,000 in 2008-09 to the environmental management account.

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. Under prior law, municipal, hazardous, and non high-volume

industrial waste is subject to an environmental repair fee of 50¢ per ton, and high-volume industrial waste is subject to a fee of 20¢ per ton. 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. In addition, both types of waste are subject to environmental management account tipping fees of 10¢ per ton as a groundwater fee and 4¢ per ton as a well compensation fee. In 2006-07, environmental management account revenue from solid waste tipping fees totaled \$5.6 million. Certain wastes that are used for daily cover at the landfill are exempt from the state tipping fees.

[Act 20 Sections: 690, 3089, and 3090]

8. ENVIRONMENTAL CLEANUP BONDING AUTHORITY

BR	\$3,000,000
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Provide \$3,000,000 in general obligation bonding authority to conduct remedial actions at contaminated sites. The act increases 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 were \$3.2 million in 2006-07.

[Act 20 Section: 589]

9. DRY CLEANING FEE INCREASE

SEG-REV	\$625,000
SEG	\$170,000

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 second quarterly payment due after publication of the biennial budget act (the April 25, 2008, payment). 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 fee increase is expected to generate additional revenue of \$125,000 in 2007-08 and \$500,000 in 2008-09. For 2006-07, revenues to the dry cleaner fund totaled \$0.9 million with expenditures of \$2.2 million (including over \$1.9 million in cleanup reimbursement).

Further, 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 exceeded \$3.6 million).

[Act 20 Sections: 2494 and 9341(13)]

10. AIR PERMIT SYSTEM STREAMLINING

PR	\$877,500
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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 is 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 is 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 will continue to be used for information technology contracting. Under the act, a total of \$785,600 in 2007-08 and \$100,000 in 2008-09 is 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 will pay for two existing positions in the Division of Customer and Employee Services through departmental charges, and \$94,400 will 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.

11. REPEAL CERTAIN COOPERATIVE ENVIRONMENTAL ASSISTANCE APPROPRIATIONS

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 are 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]

12. LANDFILL OPERATOR CERTIFICATION FEES

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 act, any balance will lapse to the general fund when the appropriation is repealed.

[Act 20 Sections: 277 and 278]

13. 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

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.

OFFICE OF STATE EMPLOYMENT RELATIONS

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
GPR	\$4,921,200	\$5,238,000	\$5,238,000	\$633,600	6.4%	50.00	50.00	50.00	0.00	0.0%
PR	<u>1,019,600</u>	<u>1,121,100</u>	<u>1,138,300</u>	<u>220,200</u>	10.8	<u>4.50</u>	<u>5.50</u>	<u>5.50</u>	<u>1.00</u>	22.2
TOTAL	\$5,940,800	\$6,359,100	\$6,376,300	\$853,800	7.2%	54.50	55.50	55.50	1.00	1.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$633,600
PR	<u>92,200</u>
Total	\$725,800

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

	Funding	Positions
PR	\$128,000	1.00

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 and authorize OSER to receive revenue to reimburse the state's share of costs for training relating to grievance arbitrations. 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 will 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.

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 and, as a result of the Act 20 provisions, the receipt of revenue to reimburse the state's share of costs for training relating to the labor-management cooperation program.

[Act 20 Section: 545]

3. REASSIGN CERTAIN EXECUTIVE POSITIONS TO NEW EXECUTIVE SALARY GROUP LEVELS

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 prior law and the assignments under the act.

	<u>Prior Law</u>	<u>Act 20 Provisions</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 prior law, the salary maximum for these positions could 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

[Act 20 Sections: 617 thru 619, 620, 621, 623 thru 626, and 630]

PERMANENT ENDOWMENT FUND AND TOBACCO FINANCING

1. PERMANENT ENDOWMENT FUND TRANSFER TO MEDICAL ASSISTANCE TRUST FUND

Transfer \$50,000,000 annually from the permanent endowment fund to the medical assistance trust fund. The permanent endowment fund currently has no money in it.

[Act 20 Sections: 697 and 697n]

2. REVENUES FOR PERMANENT ENDOWMENT FUND -- TOBACCO BONDING TRANSACTION

According to the Department of Administration (DOA), revenues to the permanent endowment fund will 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, will 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.

Planned 2008 Transaction

Detailed information on the planned 2008 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 will no longer apply. As a result, the transaction will 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 could save the state interest costs, because the new bond issue could have a lower interest rate, depending on market interest rates at the time of issuance. It was 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 market interest rates in the spring of 2007.

Based on a memorandum to the Secretary of Administration dated May 25, 2007, the Act 20 transfer will also include a second securitization transaction, which will generate \$50 million of annual revenues for the permanent endowment fund. This additional revenue will be generated by taking longer to repay the new bonds compared to the existing bonds. Extending the repayment schedule will lower the required annual debt service amount needed to retire the bonds, which will allow the state to receive \$50 million a year from the tobacco settlement moneys. Effectively, under this transaction, the state will 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 will 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 will 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 will be paid off by BTASC using tobacco settlement revenues between 2024 and 2032.

The administration indicates that this proposed transaction will accomplish two major policy goals. First, the new bond issue will refinance the existing bonds and capture the savings attributable to lower interest rates, depending on market conditions. Second, by forgoing tobacco settlement payments from 2018 through 2024, the state will receive \$50 million annually from 2007-08 through 2023-24.

PROGRAM SUPPLEMENTS

Budget Summary						FTE Position Summary
Fund	2006-07 Adjusted Base	<u>Act 20</u>		<u>2007-09 Change Over Base Year Doubled</u>		
		2007-08	2008-09	Amount	%	
GPR	\$28,806,000	\$13,031,900	\$17,571,400	-\$27,008,700	- 46.9%	There are no authorized positions for Program Supplements.
PR	815,300	0	2,352,800	722,200	44.3	
SEG	0	<u>13,093,200</u>	<u>24,563,200</u>	<u>37,656,400</u>	N.A.	
TOTAL	\$29,621,300	\$26,125,100	\$44,487,400	\$11,369,900	19.2%	

Budget Change Items

1. JOINT COMMITTEE ON FINANCE APPROPRIATIONS FOR AGENCY SUPPLEMENTS

GPR	-\$26,964,800
PR	722,200
SEG	<u>37,656,400</u>
Total	\$11,413,800

Delete \$21,426,800 GPR annually and \$815,300 PR annually to reflect the elimination of base funding that was reserved in the 2005-07 budget for the following purposes:

<u>Item</u>	<u>Annual Amount</u>	
DWD--Open Housing Law Representation	\$85,000	GPR
Corrections--Salary and Fringe Benefits for Health Care Positions	12,766,000	GPR
Corrections--Funding for Variable Inmate Health Care Costs	8,375,700	GPR
Corrections--Funding for Correctional Pharmacy Rental Costs	200,100	GPR
Regulation and Licensing -- Database Integration Project	250,000	PR
State Treasurer -- Unclaimed Property Program	<u>565,300</u>	PR
 Totals	 \$21,426,800 \$815,300	 GPR PR

Act 20 eliminates all base 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. Further, \$150,000 GPR annually in undesignated funds remains in the Committee's supplemental appropriation.

In addition, provide \$5,910,500 GPR and \$13,093,200 SEG in 2007-08 and \$9,978,300 GPR, \$2,352,800 PR, and \$24,563,200 SEG in 2008-09 to the Committee's appropriation in reserve for

the following purposes 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

Provide \$1,682,200 in 2007-08 and \$1,850,000 in 2008-09 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. 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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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 is \$902,400 in 2007-08 and \$1,374,100 in 2008-09.

PUBLIC DEFENDER

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$76,016,800	\$80,237,200	\$78,747,000	\$6,950,600	4.6%	518.45	530.45	530.45	12.00	2.3%
PR	<u>1,325,700</u>	<u>1,407,900</u>	<u>1,412,000</u>	<u>168,500</u>	6.4	<u>4.00</u>	<u>5.00</u>	<u>5.00</u>	<u>1.00</u>	25.0
TOTAL	\$77,342,500	\$81,645,100	\$80,159,000	\$7,119,100	4.6%	522.45	535.45	535.45	13.00	2.5%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$7,182,800
PR	<u>36,600</u>
Total	\$7,219,400

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

	Funding	Positions
GPR	-\$414,300	12.00
PR	<u>1,600</u>	<u>0.00</u>
Total	-\$412,700	12.00

Provide \$629,000 GPR and 12.0 GPR positions, and \$800 PR in 2007-08, and -\$1,043,300 GPR and 12.0 GPR positions, 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.

Increased Staff Positions. Utilizing funding available as the result of exempting the SPD from turnover reductions, create 9.0 full-time equivalent (FTE) attorney positions and 3.0 FTE legal secretary positions under the GPR-funded trial representation appropriation. The additional positions would allow SPD staff, rather than the private bar, to handle caseload.

Private Bar Funding. Transfer \$161,600 GPR in 2007-08 and \$22,600 GPR in 2008-09, from the trial representation appropriation to the private bar appropriation. Modify the SPD's GPR-funded private bar and investigator reimbursement biennial appropriation by \$171,800 GPR in 2007-08 and -\$1,519,200 GPR in 2008-09 to fully fund private bar costs during the biennium.

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 act.

Current Law. The SPD has trial and appellate 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.

3. REPRESENTATION OF ADULTS SUBJECT TO INVOLUNTARY CIVIL COMMITMENT, PROTECTIVE PLACEMENT, OR INVOLUNTARY ADMINISTRATION OF PSYCHOTROPIC MEDICATION

GPR	\$182,100
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Provide \$182,100 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.

Elimination of Certain Indigency Evaluations. Modify the 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 the costs of representation. If the court determined that the individual was able to make reimbursement for the costs 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. 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 take effect on July 1, 2008.

[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

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 act 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. In 2005-06, the SPD utilized \$1,404,100 PR in client fees to offset the costs of private bar counsel. It is estimated that there will be \$1,563,800 PR in client fees in 2006-07 that will be available for these costs.

5. DISCOVERY COSTS

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]

PUBLIC INSTRUCTION

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$5,436,775,900	\$5,483,409,000	\$5,623,369,300	\$233,226,500	2.1%	261.47	261.47	261.47	0.00	0.0%
FED	607,490,700	645,748,500	647,867,400	78,634,500	6.5	289.10	289.10	289.10	0.00	0.0
PR	38,840,800	39,428,100	39,645,400	1,391,900	1.8	74.44	78.44	78.44	4.00	5.4
SEG	<u>35,254,300</u>	<u>51,458,300</u>	<u>47,705,100</u>	<u>28,654,800</u>	40.6	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	N.A.
TOTAL	\$6,118,361,700	\$6,220,043,900	\$6,358,587,200	\$341,907,700	2.8%	625.01	629.01	629.01	4.00	0.6%

Budget Change Items

General School Aids and Revenue Limits

1. STATE SUPPORT FOR K-12 EDUCATION

Increase general and categorical school aids from \$5,294,424,000 in 2006-07 to \$5,340,277,800 in 2007-08 and \$5,462,531,400 in 2008-09. Compared to the 2006-07 base year, school aids 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 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 act increases state support from the base amount of \$5,897,871,900 in 2006-07 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.

Using the definition of partial school revenues as it existed prior to the repeal of the two-thirds funding commitment, it is estimated that state support of partial school revenues will decrease from 66.1% in 2006-07 to 65.1% in 2007-08 and increase to 65.6% in 2008-09.

TABLE 1

State Support for K-12 Education

	2006-07 Base Year	Act 20 2007-09 Biennium		Change to Base Doubled	
		2007-08	2008-09	Amount	Percent
General School Aids	\$4,722,745,900	\$4,722,745,900	\$4,799,501,900	\$76,756,000	0.8%
Categorical Aids	571,678,100	617,531,900	663,029,500	137,205,200	12.0
School Levy Credit	593,050,000	672,400,000	822,400,000	308,700,000	26.0
State Residential Schools	<u>10,397,900</u>	<u>11,478,400</u>	<u>11,485,900</u>	<u>2,168,500</u>	10.4
Total	\$5,897,871,900	\$6,024,156,200	\$6,296,417,300	\$524,829,700	4.4%
Change to Prior Year					
Amount		\$126,284,300	\$272,261,100		
Percent		2.1%	4.5%		
Change to Base Year					
Amount		\$126,284,300	\$398,545,400		
Percent		2.1%	6.8%		

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the funding in the act for each general and categorical school aid program as compared to the 2006-07 base funding level. The changes 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	Act 20 2007-09 Biennium		Change to Base Doubled	
		2007-08	2008-09	Amount	Percent
GPR					
General School Aids	\$4,722,745,900	\$4,722,745,900	\$4,799,501,900	\$76,756,000	0.8%
Categorical Aids	529,399,400	568,972,600	609,720,200	119,894,000	11.3
School Levy Credit	593,050,000	672,400,000	822,400,000	308,700,000	26.0
State Residential Schools	<u>10,397,900</u>	<u>11,478,400</u>	<u>11,485,900</u>	<u>2,168,500</u>	10.4
GPR Subtotal	\$5,855,593,200	\$5,975,596,900	\$6,243,108,000	\$507,518,500	4.3%
PR					
Categorical Aids	\$1,518,600	\$1,518,600	\$1,518,600	\$0	0.0%
SEG					
Categorical Aids	<u>40,760,100</u>	<u>47,040,700</u>	<u>51,790,700</u>	<u>17,311,200</u>	21.2%
Total State Support -- All Funds	\$5,897,871,900	\$6,024,156,200	\$6,296,417,300	\$524,829,700	4.4%

TABLE 3

General and Categorical School Aids by Funding Source

Agency	Type and Purpose of Aid	2006-07	Act 20 2007-09 Biennium		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
	Aid to Small Rural Districts	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

GPR	\$76,756,000
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Provide \$76,756,000 in 2008-09 for general school aids. General school aids include equalization, integration, and special adjustment aid. General school aids funding would remain unchanged at \$4,722,745,900 in 2007-08 and would increase 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. DECLINING ENROLLMENT REVENUE LIMIT ADJUSTMENT

Increase the declining enrollment adjustment under revenue limits from 75% to 100%, beginning in the 2007-08 school year. Under prior law, if a school district's current year three-year rolling average pupil enrollment under revenue limits was less than the prior year three-year rolling average, the district received 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.

[Act 20 Sections: 2752 thru 2754 and 9337(2)]

4. PRIOR YEAR BASE REVENUE FLOOR FOR SEVERE DECLINING ENROLLMENT

Provide that a school district's initial revenue limit for the current year will, 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 will 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. Provide that the adjustment is nonrecurring. 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 (\$264.12 in 2007-08) and low-revenue ceiling adjustment (\$8,700 per pupil in 2007-08) are calculated.

[Act 20 Sections: 2751, 2756m, 2757, and 9337(2)]

5. LOW-REVENUE CEILING

Increase the low-revenue ceiling under revenue limits to \$8,700 in 2007-08 and \$9,000 in 2008-09. Under prior law, any school district with base revenues per pupil of less than \$8,400, could 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]

6. SCHOOL LEVY TAX CREDIT

Increase the current school levy tax credit distribution for the 2007(08) property tax year by \$79,350,000. While the increase of \$79,350,000 in the credit will first apply to property taxes levied in 2007 and payable in 2008, and annually thereafter, it will first be distributed to municipalities on the fourth Monday in July of 2008. Thus, the fiscal effect of this annual

increase will first occur in 2008-09.

Increase the distribution for the 2008(09) property tax year 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.]

7. FIRST DOLLAR CREDIT

Create a property tax credit called the "first dollar credit" with a funding level of \$75,000,000 annually beginning in the 2008(09) property tax year, 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. Specify that the credit for individual properties will be based on the amount determined by DOR or the property's value, whichever is less.

While the credit will first apply to property taxes levied in 2008 and payable in 2009, it will first be distributed to municipalities on the fourth Monday in July of 2009. Thus, the fiscal effect of this provision 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.]

Categorical Aids

1. SPECIAL EDUCATION AIDS

GPR	\$53,588,400
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Provide \$17,420,900 in 2007-08 and \$36,167,500 in 2008-09 for special education categorical aid, which represent increases of 5.24% in 2007-08 and 5.35% in 2008-09. Total funding will 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 will equal 28.8% of eligible costs in 2007-08 and 29.0% in 2008-09.

2. SUPPLEMENTAL SPECIAL EDUCATION AID

GPR	\$1,750,000
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Provide \$1,750,000 in 2008-09 and create a 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 may 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. Require that in 2008-09, DPI pay each eligible school district the same amount. Beginning in 2009-10 and thereafter, aid will be distributed proportionally among eligible districts based on their total special education expenditures in the prior year. Require that aid to any one district cannot be less than \$50,000, nor more than \$150,000, or 50% of its total special education expenditures, whichever is less.

[Act 20 Sections: 236o, 2711d, and 2711e]

3. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION PROGRAM (SAGE)

GPR	\$26,792,200
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Provide \$13,396,100 annually above annual base funding of \$98,588,000 for SAGE. Funding is provided in order to increase the per pupil payment amount 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.

4. AID TO HIGH POVERTY DISTRICTS

GPR	\$21,000,000
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Provide \$9,000,000 in 2007-08 and \$12,000,000 in 2008-09 and create an annual appropriation for aid to eligible school districts. Specify that a school district is 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 will 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 will be eligible for this aid, with total enrollments of approximately 111,900 pupils.

In 2009-10 and thereafter, a school district will 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 will 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 will be increased by a percentage adjustment equal to the percentage increase in general school aids in the current fiscal year and the percentage increase in state personal income in the prior calendar year. Provide that for each school district, this adjusted per pupil amount will 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 cannot be less than its aid entitlement in the prior year, increased by the same percentage adjustments applied to the per pupil amounts. Require that DPI prorate these payments if school district aid entitlements exceed available funding.

For all school districts except Milwaukee Public Schools (MPS), specify that this aid is 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 be reduced by the amount of this aid received by MPS. In either case, the effect of this aid is to reduce the school property tax levy of the eligible school district.

[Act 20 Sections: 236nm, 2735w, 2744gm, 2749q, and 2749r]

5. GRANTS FOR IMPROVING PUPIL ACADEMIC ACHIEVEMENT

GPR	\$10,000,000
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Provide \$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 \$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.

[Act 20 Sections: 241 and 2692]

6. PUPIL TRANSPORTATION REIMBURSEMENT RATE

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 remain the same, as listed below. No additional funding is 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 rate increase.

<u>Distance</u>	<u>Prior Law</u>	<u>Act 20</u>
0-2 miles (hazardous area)	\$15	\$15
2-5 miles	35	35
5-8 miles	55	55
8-12 miles	110	110
Over 12 miles	180	220

[Act 20 Section: 2748]

7. AID FOR TRANSPORTING PUPILS OVER ICE

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. Specify that eligible costs include maintenance and storage of equipment. Provide that, if in any year eligible costs exceed allocated funds, payments will be prorated.

[Act 20 Section: 2748m]

8. SCHOOL LIBRARY AIDS REESTIMATE

SEG	\$17,000,000
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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.

9. SCHOOL LIBRARY AID

Provide that school library aid (from the Common School Fund) may be used by school districts to purchase library-related computers and software to be housed in the school library. Specify that, at most, 25% of a school district's school library aid may be used for such purposes,

and that the school district's library media coordinator must be consulted before making these expenditures.

The provision expands allowable uses of school library aid, which may also be used for 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.

[Act 20 Section: 781x]

10. SPARSITY AID

GPR	\$3,644,600
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Provide \$3,644,600 in 2008-09 in a new appropriation for school districts that meet the following criteria: (a) school district membership in the prior year of less than 725 pupils; (b) population density of less than 10 pupils per square mile of the district's area; and (c) at least 20% of school district membership qualifies for free or reduced-price lunch under the National School Lunch Program. Provide that aid will equal: (a) \$150 times membership in the previous school year if less than 50% of the school district's membership in the previous year was eligible for free or reduced-price lunch; (b) \$300 times membership in the previous school year if 50% or more were eligible for free and reduced-price lunch. Allow the Department of Public Instruction to prorate these payments if funding is insufficient to fully fund the program in a given year.

[Act 20 Sections: 236nb and 2708m]

11. SCHOOL BREAKFAST REIMBURSEMENT

GPR	\$3,293,300
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Provide \$1,458,100 in 2007-08 and \$1,835,200 in 2008-09 over annual base funding of \$1,055,400 and increase the state school breakfast reimbursement rate from \$0.10 to \$0.15 per breakfast served. 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.

[Act 20 Section: 2686]

12. FOUR-YEAR-OLD KINDERGARTEN GRANTS

GPR	\$3,000,000
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Provide \$3,000,000 in 2008-09 and create an 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.

[Act 20 Sections: 242, 2709, and 2733]

13. GRANTS FOR NURSING SERVICES

GPR	\$500,000
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Provide \$250,000 annually and create an annual appropriation for grants to school districts for nursing services. Require the State Superintendent to award grants to school districts, other than Milwaukee Public Schools, to employ additional school nurses or contract for additional nursing services. Specify that grants must 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 may not use the money to supplant existing nursing staff or services. Require each school district receiving a grant to 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.

[Act 20 Sections: 241m and 2684m]

14. GRANTS FOR SCHOOL DISTRICT CONSOLIDATION STUDIES

GPR	\$250,000
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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 may 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.

[Act 20 Sections: 236p and 9137(3k)]

15. LA CAUSA CHARTER SCHOOL GRANT

SEG	\$250,000
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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.

[Act 20 Sections: 243c and 9137(7c)]

16. GIFTED AND TALENTED EDUCATION

GPR	\$182,000
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Increase funding for gifted and talented education by \$91,000 annually over base level funding of \$182,000. Allow nonprofit organizations to receive grants for the purpose of providing advanced curriculum and assessments for gifted and talented pupils. Delete the requirement 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]

17. SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS EDUCATION

GPR	\$123,000
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Provide \$61,500 annually for 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.

[Act 20 Sections: 243 and 2684]

18. GRANT FROM SUPPLEMENTAL AID

Require DPI to award one or more grants totaling \$30,000 in 2007-08 from the existing appropriation for supplemental aid to the school districts in Ashland, Price, or Sawyer Counties to study consolidation. The act modifies the existing appropriation for supplemental aid to reference the Butternut School District, which is located in Ashland and Price Counties.

[Act 20 Sections: 236m and 9137(4k)]

19. BELMONT SCHOOL LIBRARY

GPR	\$18,000
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Provide \$18,000 in a new appropriation in 2007-08 to the Belmont Community School District to create an on-line school library catalog. Specify that no moneys may be encumbered

from this appropriation after June 30, 2008.

[Act 20 Section: 236nd]

Choice and Charter

1. MILWAUKEE PARENTAL CHOICE PROGRAM REESTIMATE

GPR	\$24,819,000
MPS Aid Reduction	<u>11,168,600</u>
Net GPR	\$13,650,400

Provide \$8,152,000 in 2007-08 and \$16,667,000 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 in the act of 0.0% and 1.6%, respectively, the maximum per pupil choice payment will be \$6,501 in 2006-07 and in 2007-08 and will increase to \$6,607 in 2008-09. It is estimated that 18,000 students in 2007-08 and 19,000 students in 2008-09 will participate in the program. Total program funding will be \$117,018,000 in 2007-08 and \$125,533,000 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 act, the MPS choice reduction will increase by \$3,668,400 in 2007-08 and \$7,500,200 in 2008-09 over the base choice reduction amount of \$48,989,700. The net general fund fiscal effect of this reestimate is to increase expenditures by \$4,483,600 in 2007-08 and \$9,166,800 in 2008-09.

2. MILWAUKEE AND RACINE CHARTER SCHOOL PROGRAM

GPR	\$12,600,500
Statewide Aid Reduction	<u>12,600,500</u>
Net GPR	\$0

Provide \$4,015,000 in 2007-08 and \$8,585,500 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 equalization aid appropriations under Act 20, the choice and charter per pupil payments will remain unchanged in 2007-08 and will increase by \$106 in 2008-09.

This funding level assumes that 5,500 pupils will be enrolled in the program in 2007-08 and that the aid per pupil will be \$7,669. In 2008-09, it is assumed that 6,000 pupils will participate at a per pupil cost of \$7,775. Based on these estimates, charter schools will receive \$42,179,500 in 2007-08 and \$46,650,000 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.

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

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. PROGRAM REVENUE REESTIMATES

PR	- \$6,100
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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).

3. FEDERAL REVENUE REESTIMATES

FED	\$75,004,300
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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.

4. KNOWLEDGE AND CONCEPTS EXAM

Provide \$1,400,000 annually in the Joint Finance Committee's appropriation for pupil assessments to continue to contract for, and administer, the Wisconsin knowledge and concepts examinations. DPI may request the release of these funds under s. 13.10 of the statutes.

5. STATEWIDE DATA SYSTEMS

	Funding	Positions
PR	\$555,200	4.00

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 include 2.0 information systems development services specialists, who replace

contracted staff, and 2.0 information systems support technicians, who replace 4.0 LTE staff. PR funding will be internal Department charge-backs to program budgets for information technology services.

6. PUBLIC LIBRARY SYSTEM AID

GPR	-\$9,200,000
SEG	<u>11,079,100</u>
Total	\$1,879,100

Adjust funding by \$9,816,800 SEG and -\$9,200,000 GPR in 2007-08 and \$1,262,300 SEG in 2008-09 from base level funding of \$11,297,400 GPR and \$4,223,800 SEG to increase public library system aid, which 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. Direct the Public Service Commission to fund \$9,200,000 of the SEG increase with unencumbered carryover balance funds from the USF. Total public library funding equals \$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)]

7. LIBRARY SERVICE CONTRACTS

GPR	\$477,600
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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.

8. BADGERLINK

SEG	\$111,700
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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 will 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.

9. NEWSLINE FOR THE BLIND

PR	-\$135,000
SEG	<u>214,000</u>
Total	\$79,000

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 also fund the Newsline for the Blind. The Newsline 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]

10. NATIONAL TEACHER CERTIFICATION REESTIMATE

GPR	\$630,200
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Reestimate funding by \$220,900 in 2007-08 and \$409,000 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.

11. GRANTS FOR MASTER EDUCATORS

GPR	\$173,300
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Provide \$57,200 in 2007-08 and \$116,100 in 2008-09 and expand the national teacher certification program to provide grants to teachers receiving master educator licenses under Chapter PI 34 of the Administrative Code. Grant amounts will be equal to those awarded under current law, up to \$2,000 in the first year and \$2,500 annually thereafter for nine years.

This provision first applies to teachers who were licensed by DPI as master educators on July 1, 2005.

[Act 20 Sections: 245, 2693, 2694, 2697, 2699, 2700, and 9337(4)]

12. GRANTS FOR TEACHERS IN HIGH-POVERTY SCHOOLS

GPR	\$166,800
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Provide \$77,500 annually in order to provide higher grant awards under the national teacher certification program and the master educator program created under Act 20, as well as an additional \$5,900 annually to pay for Medicare and Social Security. Provide that continuing nationally-certified teachers or master educators receive \$5,000 annually, rather than \$2,500 as under prior 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 26 nationally-certified teachers will be eligible for the higher grant amounts in each year of the biennium.

[Act 20 Sections: 2698 and 2702]

13. PROJECT LEAD THE WAY

GPR	\$500,000
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Provide \$250,000 annually in a separate appropriation for annual grants to Project Lead the Way to provide discounted professional development services and software for

participating high schools in this state. Specify that no moneys can 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]

14. PRECOLLEGE SCHOLARSHIP PROGRAM

GPR	\$217,800
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Provide \$108,900 annually above annual base level funding of \$2,177,500 for the precollege scholarship program. The program provides grants to economically disadvantaged 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 funding will provide 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, are eligible for the program.

[Act 20 Sections: 247, 2683, and 2705 thru 2708]

15. FUEL AND UTILITY REESTIMATE

GPR	\$162,100
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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.

16. DEBT SERVICE REESTIMATE

GPR	-\$194,900
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Reestimate debt service payments by -\$78,800 in 2007-08 and -\$116,100 in 2008-09. Annual base level funding is \$1,212,200.

17. WISCONSIN EDUCATIONAL SERVICES PROGRAM FOR THE DEAF AND HARD OF HEARING -- RESIDENTIAL THERAPY SERVICES

GPR	\$71,600
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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 will 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 will 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).

18. WISCONSIN EDUCATIONAL SERVICES PROGRAM FOR THE DEAF AND HARD OF HEARING -- DISTANCE EDUCATION

GPR	\$47,500
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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 is provided for additional distance learning equipment. Of the total, \$5,000 is provided for ongoing maintenance costs, and the remainder will allow DPI to enter into a master lease agreement to purchase the equipment.

19. INTERNATIONAL EDUCATION

GPR	\$76,000
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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.

20. ONE-TIME GRANTS TO ORGANIZATIONS

GPR	\$62,500
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Create an annual appropriation to fund one-time grants for three organizations. Repeal the appropriation on July 1, 2009. Specify that the grants are for: (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).

[Act 20 Sections: 243f, 243g, 9137(5i), and 9437(1i)]

21. ELKS AND EASTER SEALS CENTER FOR RESPITE AND RECREATION

GPR	\$25,000
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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.

PUBLIC SERVICE COMMISSION

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	%
				Amount					Number	
FED	\$203,600	\$215,100	\$215,100	\$23,000	5.6%	1.00	1.00	1.00	0.00	0.0%
PR	17,191,700	17,794,200	17,794,200	1,205,000	3.5	157.00	156.00	156.00	- 1.00	- 0.6
SEG	<u>9,026,400</u>	<u>9,402,800</u>	<u>9,402,800</u>	<u>752,800</u>	4.2	<u>0.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	N.A.
TOTAL	\$26,421,700	\$27,412,100	\$27,412,100	\$1,980,800	3.7%	158.00	162.00	162.00	4.00	2.5%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

FED	\$23,000
PR	<u>1,304,000</u>
Total	<u>\$1,327,000</u>

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

	Funding	Positions
SEG	\$752,800	5.00

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 act, 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, are transferred to the Commission. Provide that the transferred employees will maintain their status and rights earned at DOA and that they will

not have to undergo a probationary period under the Commission.

Under provisions of 2005 Wisconsin Act 141, 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, the Commission has the right to review this contract and must approve it before the vendor is accepted. Under the act, 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

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. The annual salary range for ESG 5 is from \$80,023 to \$124,036 for the 2007-08 fiscal year. The range for ESG 6 is from \$86,424 to \$133,960. This provision would affect other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

[Act 20 Section: 621]

4. REPEAL THE LIMITATION ON COMMISSION-RELATED CONTRIBUTIONS TO THE UNIVERSAL SERVICE FUND

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. Modify the prior 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. The universal service 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 \$6 million annually. While this provision removes the limitation on contributions from providers, Act 20 continues funding the Commission's appropriation at \$6.0 million in both 2007-08 and 2008-09. Prior law provisions permitted USF assessments for non-PSC programs to be recovered as a surcharge displayed on customer bills, but this procedure was not extended to the USF assessment for the PSC programs. Act 20 allows assessments for all programs to be recovered

through a surcharge on customer bills.

[Act 20 Sections: 2929 thru 2929j]

5. REIMBURSEMENT OF OVERPAYMENTS TO THE UNIVERSAL SERVICE FUND

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)]

6. SUNSET DATE FOR WIRELESS 911 GRANTS

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 codifies the latter date in the Chapter 20 appropriation for grants, supplemental grants, and related Commission expenses.

[Act 20 Section: 216]

Office of the Commissioner of Railroads

1. ELIMINATE SAFETY ANALYST POSITION IN THE OFFICE OF THE COMMISSIONER OF RAILROADS

	Funding Positions	
PR	-\$99,000	- 1.00

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 has two remaining railroad safety analyst positions.

REGULATION AND LICENSING

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
PR	\$11,793,000	\$12,756,800	\$12,701,400	\$1,872,200	7.9%	112.32	114.32	114.32	2.00	1.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$1,352,200
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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

Allow the Department to set initial and renewal credential fees administratively, rather than by statute. Specify that these rules will 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 will recalculate these costs by January 31, of each odd-numbered year, for the succeeding fiscal biennium, beginning with the 2009-11 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 will 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 proposed fee adjustments will 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.

[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

GPR-REV	\$33,200
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Require the Department to lapse a total of \$3,276,500 PR in 2007-08 and \$982,100 PR in 2008-09 into the general fund from the following appropriations: (a) \$2,920,600 PR in 2007-08 and \$982,100 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. 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, 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. It is estimated that, under current law, \$1,480,200 in 2007-08 and \$1,512,400 in 2008-09 would be collected from the deposit of 10% of agency revenues.

The lapses would have the effect of offsetting a portion of the projected agency revenues that were included as base amounts (\$3,609,000 GPR-earned annually). The provision will have the effect of generating an estimated total of \$1,147,700 GPR-Earned in 2007-08 and -\$1,114,500 GPR-earned in 2008-09 compared to these base level estimates.

[Act 20 Sections: 9240(1k) and 9240(2k)]

4. WHOLESALE DRUG DISTRIBUTORS

PR	\$200,600
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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, 2010, an implementation date for electronic track and trace pedigree technology. Require the technology be implemented no sooner than July 1, 2011. Allow the Board to extend the date of implementation in increments if it appears technology is not universally available across the entire prescription

pharmaceutical supply chain or the Board determines patient safety cannot be adequately protected with existing technology.

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 provision; (b) purchases or otherwise receives a prescription drug from a pharmacy in violation of this provision; (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 provision; (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, repacking, 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.

Modify the current law definition of "prescription drugs" to specify that the definition does not include blood, blood components intended for transfusion, or biological products which are also medical devices.

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 act, 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, including intracompany sales, transactions and transfers, 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 colicensed 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; (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; (d) a pharmacy warehouse's intracompany pharmacy, to either a patient or other designated persons authorized by law to dispense or administer such drugs to a patient; or (e) an authorized distributor of record to a pharmacy warehouse to the pharmacy warehouse's intracompany pharmacy, to either a patient, or other designated persons authorized by law to dispense or administer such drugs 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 "pharmacy warehouse" as a physical location for prescription drugs that acts as a central warehouse and performs intracompany sales.

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; (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; (j) other transactions excluded from for the definition of wholesale distribution under federal regulations, 21 Code of Federal Regulations 203.3(cc); (k) drug returns to the chronic disease repository under s. 255.056 of the statutes, or other drug returns that are authorized under state law; and (l) the transfer from a retail pharmacy or pharmacy warehouse of expired, damaged,

returned, or recalled prescription drugs to the original manufacturer, original wholesale distributor, or to a third party returns processor or reverse distributor.

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 prior law, drug distributors were required to obtain a license from the Pharmacy Examining Board before they sold or distributed drugs or devices at wholesale. The initial fee for this license was \$53 with a renewal fee of \$70 due on June 1, of each even-numbered year. A manufacturer or distributor could 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 was subject to rules established by the Pharmacy Examining Board relating to the protection of public health and safety. However, the Board could not adopt rules that prescribe minimum standards for distributing drugs. The Board was also prohibited from establishing rules for the storage of a drug or device unless the substance was considered a controlled substance under Chapter 961 of state statute or by the federal law. These provisions are repealed and recreated under the act.

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.

[Act 20 Sections: 217h, 678t, 686r, 3462q, 3465p, 3465q, 3465s, 3526a thru 3526p, 3530a thru 3530i, 9140(1j), 9440(1j), and 9440(2t)]

5. COMPLIANCE MONITORING

	Funding	Positions
PR	\$300,800	2.00

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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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

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. The annual salary range for ESG 4 is from \$74,095 to \$114,848 for the 2007-08 fiscal year. The range for ESG 6 is from \$86,424 to \$133,960. The provision under the act 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 [\$106,340 for the 2007-08 fiscal year]. Under current law, the salary maximum for these positions could not exceed the salary range for ESG 1 [\$91,166].

[Act 20 Sections: 618 and 630]

8. NURSE MIDWIFE LICENSES

GPR-REV	- \$1,000
PR-REV	- \$8,700

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 current 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						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$83,706,000	\$87,701,800	\$90,401,800	\$10,691,600	6.4%	891.38	895.38	896.38	5.00	0.6%
PR	13,337,600	14,400,700	14,401,100	2,126,600	8.0	95.60	102.60	101.60	6.00	6.3
SEG	<u>68,474,500</u>	<u>72,893,800</u>	<u>73,601,400</u>	<u>9,546,200</u>	7.0	<u>121.80</u>	<u>120.85</u>	<u>120.85</u>	<u>-0.95</u>	-0.8
TOTAL	\$165,518,100	\$174,996,300	\$178,404,300	\$22,364,400	6.8%	1,108.78	1,118.83	1,118.83	10.05	0.9%

Budget Change Items

Tax Administration

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$8,128,000
PR	1,103,500
SEG	<u>564,100</u>
Total	\$9,795,600

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 within the same alpha appropriation. In total, changes due to standard budget adjustments will 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

	Funding	Positions
GPR	\$2,700,000	1.00
PR	<u>- 90,300</u>	<u>- 1.00</u>
Total	\$2,609,700	0.00

Provide \$2,700,000 GPR and 1.0 GPR position in 2008-09 to fund and administer development and implementation of an Integrated Property Assessment System (IPAS). An annual GPR appropriation is created for funding integrated property assessment system technology expenses. The IPAS system is an automated property assessment system that is designed to integrate and upgrade the Department's manufacturing property assessment system. Development phases include

attribute data from local assessors, sales analysis, and geographical information system (GIS) capabilities. Prior to implementing this system, the Department used a number of mainframe computer systems to equalize values, assess manufacturing property, and provide local government aids and services.

The act also eliminates the previous 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 will be deleted in 2008-09. Instead, DOR is required to publish the manual in electronic form and on the Internet. Expenses of publishing the property assessment manual in electronic form will be funded from the new IPAS administration appropriation. In addition, the act requires 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.

[Act 20 Sections: 553 thru 555, 2146, 9241(1), and 9441(9)]

3. IN-HOUSE DELINQUENT TAX COLLECTION PILOT PROJECT

	Funding Positions	
GPR-REV	\$10,700,000	
PR	\$1,097,800	7.00

Create a delinquent tax collection pilot project under which responsibility for collection actions against certain targeted delinquent tax accounts will be transferred from private collection agencies to DOR Compliance Division staff. The project includes: (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 \$505,700 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 is 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 pilot project will generate an estimated \$12,000,000 annually in delinquent collections. This will 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. It is estimated that the pilot project will increase revenues by \$4,600,000 in 2007-08 and \$6,100,000 in 2008-09. (Revenues for 2007-08 are reduced because the program will not be implemented for a full fiscal year.) These revenues are counted as GPR-Earned.

DOR is authorized to contract with private collection agencies to take actions against delinquent accounts. Annual base level expenditure authority of \$354,200 PR was provided in the appropriation for collections under contract. The source of program revenue was additional revenues generated from collection agency activities.

[Act 20 Section: 549]

4. TECHNICAL CORRECTION TO BASE BUDGET FUNDING AND POSITIONS

	Funding	Positions
GPR	- \$120,800	4.00
SEG	- 106,000	- 0.95
Total	- \$226,800	3.05

Delete \$60,400 GPR, \$53,000 SEG and 0.95 SEG position, and provide 4.0 GPR positions 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.

5. MINOR TRANSFERS BETWEEN APPROPRIATIONS

GPR	- \$15,600
PR	15,600
Total	\$0

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 will be transferred between appropriations to reflect position transfers between divisions.

6. TAX ADMINISTRATION -- TRIBAL OBLIGATION REFUND OFFSET

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. Fees charged to administer the program will be assessed against the debtor, and debts owed to state agencies, local governments, and the IRS will receive setoff funds before tribes. Any legal proceeding to contest a setoff can only be commenced 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.

[Act 20 Sections: 548m and 2152]

7. DEPOSIT OF ADDITIONAL TAXES DURING PETITIONS AND APPEALS

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 will refund to the taxpayer any portion of these amounts found to be improperly assessed, including interest.

Under prior law, during TAC petitions or court appeals, the taxpayer could deposit the additional taxes and interest with the Secretary of Administration. If a taxpayer offered to make a deposit, DOR was 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 was mailed to the taxpayer who was required to pay the taxes and interest to the Secretary of Administration within 30 days. Upon final determination of a petition or appeal, DOR was 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 was found to be improperly assessed, with interest. The Secretary of Administration was 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 were 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 was refunded to the taxpayer bore interest at the rate of 9% per year during the time the tax payments were on deposit at DOA.

[Act 20 Sections: 2129, 2140, and 2435]

8. REPEAL LOTTERY AND GAMING CREDIT ADMINISTRATION GPR APPROPRIATION

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]

9. RENUMBER TAX INCREMENTAL FINANCING APPROPRIATION

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]

10. INCOME TAX CHECK-OFFS SIMPLIFICATION

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 is 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. Under prior law, the statutory appropriation included all of the specific designations in its title. Statutory provisions also required the symbols for endangered resources and Lambeau Field to be highlighted on all income tax returns. As a result, this requirement applied to returns that were prepared using software provided by third-party vendors that could not reproduce the symbols. DOR allowed a waiver of this requirement at the written request of the software developer.

[Act 20 Sections: 551, 1995, and 1996]

11. ADMINISTRATION OF LOCAL SALES TAXES

GPR-REV	-\$359,600
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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 Governor's original budget 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]

12. INTERNET POSTING OF DELINQUENT TAX ACCOUNTS

Modify prior 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 prior \$25,000, in delinquent taxes of any type administered by the Department, including interest, penalties, fees, and costs. The Department is also 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

Project lottery sales of \$504,690,200 in 2007-08 and \$511,890,200 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 and 2006-07 actual sales totals. The 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 act.

Lottery Sales Projections (\$ in Millions)

<u>Game Type</u>	<u>Actual 2005-06</u>	<u>Actual 2006-07</u>	<u>Act 20 2007-08</u>	<u>Percent Change from 2006-07</u>	<u>Act 20 2008-09</u>	<u>Percent Change from 2007-08</u>
Scratch	\$280.3	\$279.8	\$284.3	1.6%	\$291.5	2.5%
Pull-tab	5.3	4.1	5.3	29.3	5.3	0.0
On-line	<u>223.3</u>	<u>208.7</u>	<u>215.1</u>	3.1	<u>215.1</u>	0.0
Total	\$508.9	\$492.6	\$504.7	2.5%	\$511.9	1.4%

Sales estimates under the act include projected sales increases for both scratch games (\$6.5 million annually) and on-line games (\$8.5 million annually) associated with the funds provided for additional advertising. In addition, a new instant ticket inventory system is expected to result in a projected sales increase in scratch ticket games of \$7.2 million in 2008-09.

2. LOTTERY PRODUCT INFORMATION FUNDING

SEG	\$5,800,000
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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

SEG	\$3,288,100
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Provide \$1,291,600 in 2007-08 and \$1,996,500 in 2008-09 to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Provide \$943,500 in 2007-08 and \$1,465,500 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 \$5.1 million in 2008-09, under the act). 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 act total approximately 7% of projected sales (\$504.7 million in 2007-08 and \$511.9 million in 2008-09).

Vendor Fees. Provide \$348,100 in 2007-08 and \$531,000 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 act, vendor fees would total 2.56% of lottery ticket sales in both 2007-08 and 2008-09.

4. CONVERSION OF THE LOTTERY INSTANT TICKET INVENTORY SYSTEM

Place \$235,000 SEG 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 SEG 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 SEG in base funding associated with 4.5 SEG retailer support positions in unallotted reserve in 2008-09. 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 SEG in unallotted reserve lapse to the lottery fund on June 30, 2009; and (b) \$212,000 SEG and 4.5 SEG positions be deleted under the standard budget adjustment for removing noncontinuing elements from the base in the 2009-11 budget process.

The lottery instant ticket inventory management process would potentially 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. If implemented, the conversion of the instant ticket inventory management system is expected to generate \$7.2 million in additional lottery revenue in 2008-09.

[Act 20 Section: 9141(2f)]

5. WITHHOLDING CERTAIN ADMINISTRATIVE COSTS FROM LOTTERY PRIZES

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 will 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 requires DOR to charge the lottery prize payee rather than the state agency for DOR's administrative expenses and authorizes DOR to withhold the amount of the administrative expenses from the prize payment.

[Act 20 Sections: 3649 and 9441(5)]

6. LOTTERY FUND CONDITION STATEMENT

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 act would appropriate \$128,799,400 in 2007-08 and \$130,346,900 in 2008-09 for the lottery and gaming tax credit. These amounts are based on lottery sales estimates, sum sufficient reestimates for retailer compensation and vendor fees, and changes to the expenditure authority for general program operations under the act. The 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						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
	2007-08	2008-09	Amount	%	2007-08		2008-09	Number	%	
PR	\$797,700	\$763,400	\$763,400	-\$68,600	-4.3%	8.50	7.50	7.50	-1.00	-11.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
PR	-\$121,200	-1.00

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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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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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. The Office is completing 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 is eliminated. (This is reflected in standard budget adjustments.) This provision provides LTE funding for ongoing staffing.

4. GPR-EARNED REESTIMATE

GPR-REV	- \$53,000
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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 represents a decrease of \$27,900 in 2007-08 and \$27,800 in 2008-09 from the estimated lapses included in the budget bill originally introduced by the Governor. 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 Adjusted Base	Act 20		Change Over Base Year Doubled	
		2007-08	2008-09	Amount	Percent
Direct Aid Payments					
Expenditure Restraint	\$58,145,700	\$58,145,700	\$58,145,700	\$0	0.0%
Shared Revenue	32,000,000	32,900,000	33,400,000	2,300,000	3.6
County and Municipal Aid	854,703,100	854,703,200	854,703,200	200	0.0
Public Utility Distribution	6,400,000	6,242,400	6,242,400	- 315,200	- 2.5
State Aid; Tax Exempt Property	0	65,067,600	65,000,000	130,067,600	N.A.
Interest Payments on Overassessments of Manufacturing Property	0	10,000	10,000	20,000	N.A.
Payments for Municipal Services	21,998,800	21,998,800	21,998,800	0	0.0
Property Tax Credits					
Homestead Tax Credit	117,500,000	113,300,000	108,800,000	- 12,900,000	- 5.5
Farmland Preservation Credit	13,000,000	12,600,000	12,700,000	- 700,000	- 2.7
Veterans and Surviving Spouses Property Tax Credit	3,383,000	1,000,000	1,000,000	- 4,766,000	- 70.4
School Levy and First Dollar Tax Credit	469,305,000	593,050,000	672,400,000	326,840,000	34.8
Other Credits					
Film Production Services Credit	0	250,000	750,000	1,000,000	N.A.
Enterprise Zone Jobs Credit	0	1,625,000	6,500,000	8,125,000	N.A.
Cigarette & Tobacco Products Tax Refunds	12,200,000	17,800,000	21,700,000	15,100,000	61.9
Dairy Manufacturing Facility Investment Credit	0	600,000	700,000	1,300,000	N.A.
Earned Income Tax Credit	<u>26,868,000</u>	<u>70,974,600</u>	<u>90,735,800</u>	<u>107,974,400</u>	200.9
GPR TOTAL	\$1,615,503,600	\$1,850,267,300	\$1,954,785,900	\$574,046,000	17.8%
Other Credits					
Earned Income Tax Credit; Temporary Assistance for Needy Families	<u>\$55,232,000</u>	<u>\$21,125,400</u>	<u>\$6,664,200</u>	<u>- \$82,674,400</u>	- 74.8%
PR TOTAL	\$55,232,000	\$21,125,400	\$6,664,200	- \$82,674,400	- 74.8%
Property Tax Credits					
Farmland Tax Relief Credit	\$15,000,000	\$15,000,000	\$15,000,000	\$0	0.0%
Lottery & Gaming Credit	123,833,600	128,799,400	130,346,900	11,479,100	4.6
Lottery & Gaming Credit; Late Applications	<u>200,000</u>	<u>240,700</u>	<u>240,700</u>	<u>81,400</u>	20.4
SEG TOTAL	\$139,033,600	\$144,040,100	\$145,587,600	\$11,560,500	4.2%
TOTAL	\$1,809,769,200	\$2,015,432,800	\$2,107,037,700	\$502,932,100	13.9%

Direct Aid Payments

1. COUNTY AND MUNICIPAL AID -- FUNDING LEVEL FOR CURRENT LAW DISTRIBUTION

GPR

\$200

Increase the program's funding level by \$100 annually to ensure that the appropriation provides spending authority sufficient to fund the entire current law distribution. Without this adjustment, the distribution would exceed base level spending authority by \$24 annually.

2. PUBLIC UTILITY AID -- SUM SUFFICIENT REESTIMATES

GPR

\$1,984,800

Increase estimated payments by \$900,000 in 2007-08 and \$1,400,000 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 \$32,900,000 in 2007-08 and \$33,400,000 in 2008-09. Decrease estimated payments by \$157,600 annually 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 annually.

3. PUBLIC UTILITY AID -- FORMULA CHANGES

Modify prior 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 prior law provision that limited 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 of Revenue (DOR) 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. Since these provisions will take effect beginning in 2009, no fiscal effect is reported for the 2007-09 biennium. Under prior law, payments for production plants are estimated at \$19.9 million. Under Act 20, aid payments for production plants of \$29.5 million are estimated. Consequently, the provisions will increase aid payments on production plants by an estimated \$9.6 million, beginning in 2009-10.

[Act 20 Sections: 2505d, 2505e, 2505f, 2505g, 2505h, 2505i, and 9141(1f)]

4. PUBLIC UTILITY AID -- INCREASE PER CAPITA PAYMENT LIMIT

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 interacts with other utility aid changes in the act 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.

[Act 20 Sections: 2505dln and 2505f]

5. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- SUM SUFFICIENT REESTIMATE

GPR	\$130,067,600
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Estimate state aid payments of \$65,067,600 in 2007-08 and \$65,000,000 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).

6. INTEREST PAYMENTS ON OVERASSESSMENTS OF MANUFACTURING PROPERTY

GPR	\$20,000
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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. Act 405 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 DOR's Board of Assessors.

Property Tax Credits

1. SCHOOL LEVY TAX CREDIT

GPR	\$326,840,000
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Increase funding by \$123,745,000 annually to reflect the distribution amount specified under prior 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.

Increase the distribution amount to \$672,400,000 for 2008 and 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 increase in the 2009 distribution will 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

Create a property tax credit called the "first dollar credit" with a funding level of \$75,000,000 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 DOR or the property's value, whichever is less. 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. 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 2008, payable in 2009. Because the credit's initial distribution would occur in July, 2009, the fiscal effect of these provisions will first occur in 2009-10, outside the 2007-09 biennium. Consequently, no fiscal effect for the 2007-09 biennium is displayed.

[Act 20 Sections: 570, 2159, 2160, 2511 thru 2523, and 9341(10)]

3. LOTTERY AND GAMING CREDIT

SEG	\$11,479,100
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Increase funding by \$4,965,800 in 2007-08 and \$6,513,300 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

SEG	\$81,400
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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

GPR	-\$12,900,000
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Decrease funding by \$4,200,000 in 2007-08 and \$8,700,000 in 2008-09 for the sum sufficient appropriation to reflect the reestimated 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, the current law cost of the credit would be decreased from an adjusted base level of \$117,500,000 to \$113,300,000 in 2007-08 and \$108,800,000 in 2008-09. These estimates reflect the estimated changes in property tax levels under the act's provisions related to local government fiscal controls and local aid funding.

6. FARMLAND PRESERVATION TAX CREDIT REESTIMATE

GPR	-\$700,000
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Provide decreases in funding of \$400,000 in 2007-08 and \$300,000 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 will decreased from an adjusted base level of \$13,000,000 to \$12,600,000 in 2007-08 and \$12,700,000 in 2008-09.

Property Taxation

1. LEVY LIMIT FOR COUNTIES AND MUNICIPALITIES

GPR-Lapse - \$27,300

Repeal the prior 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 will be structured as follows.

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 as the percentage equal to the greater of 2% 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. For levies in 2007(08), allow increases that do not exceed the local government's valuation factor or 3.86% (although the act does not specify "whichever is greater" the administration indicates that the provision will be interpreted in that manner).

Exclusions. Exclude from the limitation any amounts levied: (a) as tax increments by a city, village, or town; (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 county payments to public libraries for library services, provided the county does not maintain a consolidated public library for the county; (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 the operation of a county-wide emergency medical services system; (i) for any revenue shortfall for debt service on a revenue bond; or (j) 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. 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 DOR and the special charge resulted from a 2005 tax amount that was rescinded due to an error, as defined under current law provisions (this reduces GPR lapses by \$27,300).

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 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; (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; (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 is increased by the difference between the two amounts; and (g) if a tax incremental finance 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 is added to the current year's allowable levy. 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, 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.

Sunset. Repeal the levy limit provisions effective November 30, 2009.

[Act 20 Sections: 1878d thru 1899, 9155(3t), and 9441(6n)]

2. DELAY DUE DATE FOR SECOND INSTALLMENT OF PROPERTY TAXES IN TWO MUNICIPALITIES

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)]

3. PROPERTY TAX EXEMPTION FOR HIGH DENSITY SEQUENCING SYSTEMS

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)]

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						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$2,463,800	\$2,492,200	\$2,460,900	\$25,500	0.5%	0.00	0.00	0.00	0.00	0.0%
PR	<u>16,996,300</u>	<u>17,779,300</u>	<u>18,185,500</u>	<u>1,972,200</u>	5.8	<u>28.40</u>	<u>29.40</u>	<u>29.40</u>	<u>1.00</u>	3.5
Total	\$19,460,100	\$20,271,500	\$20,646,400	\$1,997,700	5.1%	28.40	29.40	29.40	1.00	3.5%
BR		-\$3,800,000								

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$771,800
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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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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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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

Provide 1.0 position to serve as head of police operations at State Fair Park.

Previously, a memorandum of understanding (MOU) between the State Fair Park and the

Department of Administration (DOA) specified that Capitol Police oversee State Fair Park in exchange for payment from the Park. However, DOA terminated the MOU effective July 1, 2007. Beginning on July 1, 2007, State Fair Park began to contract for officers on its own. The 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

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

BR	-\$3,800,000
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Eliminate \$4.3 million in existing, authorized 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 act, 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.

[Act 20 Sections: 597s and 9105(1)(o)]

7. PETTIT NATIONAL ICE CENTER STATUTORY LANGUAGE

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 to 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.

[Act 20 Sections: 156, 162h thru 165, 219t, 781p thru 781t, and 1934f]

STATE TREASURER

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
PR	\$1,636,900	\$5,378,900	\$5,380,500	\$7,485,600	228.7%	7.55	11.55	11.55	4.00	53.0%
SEG	<u>859,500</u>	<u>882,100</u>	<u>882,100</u>	<u>45,200</u>	2.6	<u>3.15</u>	<u>3.15</u>	<u>3.15</u>	<u>0.00</u>	0.0
TOTAL	\$2,496,400	\$6,261,000	\$6,262,600	\$7,530,800	150.8%	10.70	14.70	14.70	4.00	37.4%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$88,200
SEG	<u>45,200</u>
Total	\$133,400

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

	Funding	Positions
PR	\$332,000	4.00

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 prior law, the positions were to have terminated on June 30, 2007.

3. UNCLAIMED PROPERTY PROGRAM -- ADMINISTRATIVE EXPENSES

PR	\$7,065,400
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Increase funding for the supplies and services line of the unclaimed property 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

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 corrects an error in assigning the fund codes for the new appropriations.

SUPREME COURT

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$12,708,500	\$13,963,200	\$13,991,400	\$2,537,600	10.0%	112.50	115.50	115.50	3.00	2.7%
FED	678,500	886,900	886,900	416,800	30.7	4.00	4.00	4.00	0.00	0.0
PR	12,588,500	13,765,700	13,797,900	2,386,600	9.5	95.25	95.25	95.25	0.00	0.0
SEG	<u>739,900</u>	<u>755,800</u>	<u>755,800</u>	<u>31,800</u>	2.1	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>	0.0
TOTAL	\$26,715,400	\$29,371,600	\$29,432,000	\$5,372,800	10.1%	216.75	219.75	219.75	3.00	1.4%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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

	Funding	Positions
GPR	\$122,500	1.00

Provide \$49,500 in 2007-08 and \$73,000 in 2008-09 for 1.0 two-year auditor project 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 is required to use for recording all financial transactions relating to the operations of circuit courts. Modify statutory language 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. Provide that the initial county reports utilizing the uniform chart of accounts be submitted by May 15, 2009. Direct the Director of State Courts to consult with the Department of Revenue in

developing a uniform chart of accounts.

Delete the statutory provision which specified 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.

[Act 20 Sections: 3709g thru 3719]

3. FEDERAL GRANT FOR CHILDREN'S COURT INITIATIVE PROJECT

	Funding	Positions
GPR	\$116,000	1.00
FED	<u>394,000</u>	<u>0.00</u>
Total	\$510,000	1.00

Provide \$58,000 GPR and 1.0 GPR four-year project 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 will 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 will 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 act will go toward meeting the 25% match requirement funding.

4. JUSTICE INITIATIVES COORDINATOR

	Funding	Positions
GPR	\$104,500	1.00

Provide \$46,000 in 2007-08 and \$58,500 in 2008-09 and 1.0 justice initiatives coordinator position. The coordinator will 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.

5. COURTHOUSE SAFETY TRAINING PROGRAM

GPR	\$10,000
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Provide \$10,000 in 2007-08 to implement a courthouse safety training program. Funding will be used to design a multimedia courthouse safety training program to be shared through the Internet with counties and courthouse employees. The training will focus on "employee behavior in the face of safety threats and what can be done to diffuse potentially dangerous situations."

6. INCREASED EXPENDITURES AUTHORITY FOR COURT INFORMATION SYSTEMS APPROPRIATION

PR	\$911,400
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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

Modify 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.

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.

[Act 20 Sections: 558 and 3708]

8. FUNDING FOR NEW JUNEAU COUNTY CIRCUIT COURT BRANCH

GPR	\$2,200
PR	<u>32,200</u>
Total	\$34,400

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						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$3,409,300	\$3,573,100	\$3,578,500	\$333,000	4.9%	38.40	38.40	38.40	0.00	0.0%
PR	9,588,100	9,496,800	9,496,800	- 182,600	- 1.0	1.00	0.00	0.00	- 1.00	- 100.0
SEG	<u>2,897,500</u>	<u>2,929,500</u>	<u>2,957,100</u>	<u>91,600</u>	1.6	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>0.00</u>	0.0
TOTAL	\$15,894,900	\$15,999,400	\$16,032,400	\$242,000	0.8%	42.40	41.40	41.40	- 1.00	- 2.4%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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 (\$3,900 GPR annually); and (d) night and weekend pay rate differential (\$5,700 GPR annually).

	Funding	Positions
GPR	\$292,200	0.00
PR	- 182,600	- 1.00
SEG	<u>30,000</u>	<u>0.00</u>
Total	\$139,600	- 1.00

2. TOURISM LTE COSTS

GPR	\$40,800
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Provide \$17,700 in 2007-08 and \$23,100 in 2008-09 for limited-term employee (LTE) staffing at the state's Wisconsin Welcome Centers (WWCs).

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.

3. KICKAPOO VALLEY RESERVE LTE COSTS

SEG	\$40,200
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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.

4. REESTIMATE KICKAPOO VALLEY RESERVE AIDS IN LIEU OF TAXES

SEG	-\$55,000
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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.

5. EXPAND KICKAPOO VALLEY RESERVE -- AIDS IN LIEU OF TAXES PAYMENTS

SEG	\$76,400
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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.

[Act 20 Sections: 770g and 770m]

TRANSPORTATION

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Over 2006-07	Over 2006-07
				Amount					Number	%
GPR	\$68,659,900	\$85,490,700	\$90,414,400	\$38,585,300	28.1%	0.00	0.00	0.00	0.00	0.0%
FED	755,875,800	771,110,300	777,440,400	36,799,100	2.4	850.61	845.61	844.61	-6.00	-0.7
PR	4,411,300	4,482,800	4,482,800	143,000	1.6	16.00	16.00	16.00	0.00	0.0
SEG	1,346,994,400	1,488,891,600	1,558,883,800	353,786,600	13.1	2,550.27	2,575.17	2,575.17	24.90	1.0
SEG-L	105,235,900	106,167,600	107,191,700	2,887,500	1.4	0.00	0.00	0.00	0.00	0.0
SEG-S	185,107,500	204,037,400	205,694,700	39,517,100	10.7	9.05	7.00	7.00	-2.05	-22.7
TOTAL	\$2,466,284,800	\$2,660,180,400	\$2,744,107,800	\$471,718,600	9.6%	3,425.93	3,443.78	3,442.78	16.85	0.5%
BR		\$540,863,100								

Budget Change Items

Transportation Finance

1. FUND CONDITION STATEMENT

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

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 act include increases to the funding for the Hiawatha passenger rail service between Chicago and Milwaukee, the creation of a safe routes to school program, the creation of a state bicycle and pedestrian facilities program, changes 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. The amounts shown for the transportation enhancements and congestion mitigation and air quality improvement programs reflect the Governor's directive in his veto message. As passed by the Legislature, the budget bill would have transferred amounts from these appropriations to the bicycle and pedestrian facilities program, but the Governor used a write-down veto to eliminate the transferred amounts from that program, and directed that these amounts be restored to their original programs through the appropriation allotment process.

	2006-07 <u>Appropriation</u>	Act 20		<u>Act 20 Totals</u>	
		<u>Change to 2006-07</u> 2007-08	2008-09	2007-08	2008-09
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	<u>1,102,900</u>		0	<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

3. AUTOMOBILE AND LIGHT TRUCK VEHICLE REGISTRATION FEE INCREASES SEG-REV \$143,928,600

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 become effective on January 1, 2008. Increase estimated transportation fund revenue by \$47,301,400 in 2007-08 and \$96,627,200 in 2008-09 to reflect these increases. Of these amounts, \$35,336,800 in 2007-08 and \$71,887,700 in 2008-09 are associated with the increase in the passenger vehicle registration fee and \$11,964,600 in 2007-08 and \$24,739,500 in 2008-09 are associated with the light truck fee increases.

[Act 20 Sections: 3206 thru 3209 and 9448(6)]

4. HEAVY TRUCK REGISTRATION FEE INCREASES SEG-REV \$56,859,300

Increase the amounts in the vehicle registration fee schedule for heavy trucks (over 8,000 pounds) by 30%, rounded to the nearest whole dollar, effective on January 1, 2008. Increase estimated transportation fund revenue by \$7,674,800 in 2007-08 and \$49,184,500 in 2008-09 to

reflect these increases. The following table shows the existing fees and the fees under this item, by weight classification.

<u>Weight up to:</u> <u>(In Pounds)</u>	<u>Current Fee</u>	<u>Act 20 Fee</u>
10,000	\$119.50	\$155.00
12,000	161.00	209.00
16,000	218.00	283.00
20,000	274.00	356.00
26,000	365.50	475.00
32,000	468.50	609.00
38,000	593.50	772.00
44,000	708.50	921.00
50,000	818.00	1,063.00
54,000	873.00	1,135.00
56,000	930.00	1,209.00
62,000	1,051.50	1,367.00
68,000	1,187.00	1,543.00
73,000	1,350.00	1,755.00
76,000	1,600.50	2,081.00
80,000	1,969.50	2,560.00

[Act 20 Sections: 3209b and 9448(6)]

5. DRIVER LICENSE AND IDENTIFICATION CARD SECURITY VERIFICATION MANDATE FEE

SEG-REV \$20,747,800

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 also applies 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 does 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 first applies 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 is intended to cover the implementation and ongoing costs of the federal Real ID 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)]

6. VEHICLE TITLE FEE INCREASE

SEG-REV \$52,577,000

Increase the standard vehicle title fee by \$24.50, from \$28.50 to \$53.00, effective January 1, 2008. Increase estimated transportation fund revenues by \$17,525,700 in 2007-08 and \$35,051,300 in 2008-09 to reflect this change.

[Act 20 Sections: 3215m, 3216n, 9348(5x), and 9448(7x)]

7. GENERAL FUND GENERAL OBLIGATION BOND DEBT SERVICE FOR TRANSPORTATION BONDS

GPR \$38,585,300

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, brings total debt service on these bonds to \$85,490,700 in 2007-08 and \$90,414,400 in 2008-09.

8. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATES

SEG-REV - \$49,264,900

Decrease estimated net transportation fund revenue by \$21,544,700 in 2007-08 and \$27,720,200 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 Act 20 debt service payments are estimated to increase to \$174,227,500 in 2007-08 and \$180,403,000 in 2008-09.

9. MARQUETTE INTERCHANGE PROJECT GENERAL OBLIGATION BOND REESTIMATE

SEG \$21,355,000

Provide \$10,677,800 in 2007-08 and \$10,677,200 in 2008-09 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.

10. TRANSPORTATION FUND GENERAL OBLIGATION BOND REESTIMATE

SEG - \$73,300

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 act, which reflects debt service on existing bonds, plus debt service on new bonding that is authorized by the act 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.

11. REVENUE BOND AUTHORIZATION

BR	\$383,963,100
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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 Act 20 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).

[Act 20 Section: 2538]

12. TRANSFER FROM THE PETROLEUM INSPECTION FUND

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

13. PROCEDURE FOR ELIMINATING TRANSPORTATION FUND DEFICIT

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 DOT SEG appropriations, other than those for debt service and sum sufficient appropriations. 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.

[Act 20 Sections: 2541r and 2550p]

Local Transportation Aids

1. GENERAL TRANSPORTATION AIDS

SEG	\$31,095,900
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Provide increased funding for general transportation aids as follows to provide 3.0% annual calendar year increases.

a. *County Aid.* Provide \$2,323,700 in 2007-08 and \$5,176,300 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 \$7,310,600 in 2007-08 and \$16,285,300 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. Repeal the statutory references to 2004 and 2005 calendar year aid payments and mileage aid rate amounts.

[Act 20 Sections: 2552 thru 2554]

2. MASS TRANSIT OPERATING ASSISTANCE

SEG	\$12,884,300
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Provide additional mass transit assistance of \$3,351,000 in 2007-08 and \$9,533,300 in 2008-09 in order to provide a 2.5% annual increase to all systems, 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 is distributed as follows: (a) \$2,038,600 in 2007-08 and \$5,925,600 in 2008-09 for Tier A-1 (Milwaukee); (b) \$475,600 in 2007-08 and \$1,307,500 in 2008-09 for Tier A-2 (Madison); (c) \$682,300 in 2007-08 and \$1,875,600 in 2008-09 for Tier B transit systems; and (d) \$154,500 in 2007-08 and \$424,600 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. Repeal statutory references relating to aid payments for each tier of systems for calendar years 2004 and 2005.

[Act 20 Sections: 2545 thru 2549]

3. ELDERLY AND DISABLED TRANSPORTATION AIDS

SEG	\$803,000
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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 equals \$12,638,900 in 2007-08 and \$12,910,100 in 2008-09. This provides a 2.0% annual increase for elderly and disabled transportation, based on the combined SEG funding for county assistance and capital aids, but provides the total increase in the appropriation for county assistance.

4. LIFT BRIDGE AIDS

SEG	\$405,000
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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 totals \$1,948,400 in 2007-08 and \$2,294,400 in 2008-09.

Local Transportation Assistance

1. MILWAUKEE TO CHICAGO PASSENGER RAIL SERVICE

SEG	\$1,313,700
FED	215,200
Total	\$1,528,900

Provide \$639,100 SEG and \$36,600 FED in 2007-08 and \$674,600 SEG and \$178,600 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 is \$6,345,300 in 2007-08 and \$6,522,800 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 was \$6,285,900 in 2006-07, the base appropriations for passenger rail service totaled \$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 had to fund this additional cost from other sources. This item restores full funding for the service in the passenger rail service appropriations based on the actual contract cost in 2007-08 and an estimate of the cost of the contract in 2008-09. In both years, the contract includes an additional \$500,000 to add an additional train car on each train set to alleviate overcrowding. Wisconsin shares the cost of providing the service with Illinois, with Wisconsin paying 75% of the states' share and Illinois paying 25%.

2. PASSENGER RAIL SERVICE -- ADDITIONAL BONDING FOR MILWAUKEE TO MADISON SERVICE

BR	\$32,000,000
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Provide \$32,000,000 of additional bonding authority for passenger rail service development. The additional bonding will 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 is 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.

[Act 20 Section: 592]

3. PASSENGER RAIL SERVICE -- ELIGIBILITY OF ADDITIONAL ROUTES

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, between Madison and La Crosse, and between Madison and Eau Claire. 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 prior law, that bonding could be used only 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 \$80,000,000 in existing, unused authority, including the increase provided by the previous item.

[Act 20 Section: 2543]

4. KENOSHA-RACINE-MILWAUKEE COMMUTER RAIL EXTENSION PROJECT

Provide \$800,000 in the Joint Committee on Finance supplemental appropriation and allow DOT to submit a request to the Committee for up to that amount to be used for preliminary engineering for the Kenosha-Racine-Milwaukee commuter rail extension project (the fiscal effect is shown under Program Supplements). Specify that revenue generated from the Southeastern Wisconsin Regional Transit Authority's existing \$2 charge on vehicle rental contracts in the region, which was established under 2005 Act 25 to support the costs of the transit authority, may not be used for the purposes of lobbying or contracting for lobbying.

[Act 20 Sections: 1851c and 9148(9u)]

5. FREIGHT RAIL PRESERVATION PROGRAM

BR	\$22,000,000
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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. When fully issued, debt service on the \$22,000,000 in freight rail bonds is estimated at \$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 act is an increase from the \$12,000,000 provided in the 2005-07 biennial budget. The increased funding could 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

BR	\$12,700,000
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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. When fully issued, the debt service on the \$12,700,000 in harbor bonds is estimated at \$1.0 million annually. Together with base funding of \$500,000 SEG annually for making grants for harbor improvements, the bonding authorized by the act provides 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 are no specific allocations of the funding provided in the act.

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

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 act creates a SEG-L appropriation and estimates 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 provided 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

SEG	\$1,001,700
SEG-L	1,001,700
Total	\$2,003,400

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 is \$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.

9. LOCAL ROADS IMPROVEMENT PROGRAM -- DISCRETIONARY COMPONENT

SEG	\$422,800
SEG-L	422,800
Total	\$845,600

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 \$5,462,100 in 2008-09 and annually thereafter for county projects; (b) \$1,020,000 in 2007-08 and \$1,040,400 in 2008-09 and annually thereafter for municipal projects; and (c) \$765,000 in 2007-08 and \$780,300 in 2008-09 and annually thereafter for town projects. The SEG-L amounts reflect the required 50% local match for discretionary grants.

[Act 20 Sections: 2555 thru 2557]

10. LOCAL ROADS IMPROVEMENT PROGRAM -- GRANT FOR WASHBURN COUNTY VETERANS CEMETERY ROAD

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)]

11. LOCAL ROADS IMPROVEMENT PROGRAM -- GRANT TO THE VILLAGE OF PLEASANT PRAIRIE

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 Sections: 307 and 9148(14qq)]

12. GRANT FOR STREET IMPROVEMENT IN THE VILLAGE OF RIB LAKE

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. AERONAUTICS ASSISTANCE FUNDING

SEG	\$761,700
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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 is \$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 transfers funding into the program to reflect realignment of responsibilities and funding associated with departmental reorganization (\$32,100 annually).

14. STATE BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

FED	\$2,720,000
SEG-L	680,000
Total	\$3,400,000

Provide \$2,720,000 FED and \$680,000 SEG-L in 2008-09 to new appropriations for making grants for bicycle and pedestrian transportation projects. 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. Delete the current law provisions related to the surface transportation grant program. 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%, to specify that pedestrian facilities funded under the program shall not include sidewalks or street beautification measures, and to specify that grants for bicycle and pedestrian facilities shall be made from the new appropriations instead of from the appropriations for transportation enhancements.

[Act 20 Sections: 307c thru 307i, 2540c, and 2550e]

15. ROAD IMPROVEMENT GRANT FOR THE TOWN OF POUND IN MARINETTE COUNTY

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.

[Act 20 Section: 9148(11x)]

16. GRANT TO ASHLAND COUNTY FOR IMPROVEMENTS TO CTH H

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 requires a grant to be made for the improvement of that highway if federal law is changed to allow the improvement.

[Act 20 Section: 9148(9cc)]

17. GRANT FOR STREET IMPROVEMENTS IN THE CITY OF KENOSHA

Require DOT to make a grant of \$950,000 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.

[Act 20 Section: 9148(12z)]

18. TRANSPORTATION ENHANCEMENTS GRANT FOR MILWAUKEE COUNTY

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.

[Act 20 Section: 9148(12x)]

19. TRANSPORTATION ENHANCEMENTS GRANT FOR THE CITY OF WHITEWATER

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.

[Act 20 Section: 9148(8i)]

20. TRANSPORTATION ENHANCEMENTS GRANT FOR THE CITY OF RACINE

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.

[Act 20 Section: 9148(12y)]

21. TRANSPORTATION ENHANCEMENTS GRANT FOR THE TOWN OF ARMSTRONG CREEK

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.

[Act 20 Section: 9148(9b)]

22. TRANSPORTATION ENHANCEMENTS GRANT FOR THE VILLAGE OF FOOTVILLE

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 cost of the project, 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.

[Act 20 Section: 9148(8b)]

23. CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM GRANT FOR THE CITY OF WEST ALLIS

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.

[Act 20 Section: 9148(9c)]

24. SAFE ROUTES TO SCHOOL GRANT FOR THE CITY OF JANESVILLE

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.

[Act 20 Section: 9148(3i)]

State Highway Program

1. SOUTHEAST WISCONSIN FREEWAY REHABILITATION -- I-94 NORTH-SOUTH FREEWAY RECONSTRUCTION

SEG	\$67,569,900
FED	23,848,500
BR	90,200,000
Total	\$181,618,400

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 provides additional authority in the same bonding authorization and broadens the purposes for which the authorization can be used to include the I-94 project.] The act does not reflect debt service payments on these bonds, based on the assumption that they will 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 will be conducted to determine whether expansion of the freeway is warranted.

The total amount of funding that is provided for the project is \$181,618,400, which will 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 will occur in 2009 and 2010 and reconstruction of the mainline of the freeway and remaining interchanges is tentatively scheduled to occur between 2011 and 2016.

[Act 20 Sections: 314b, 593, 2525 thru 2528, and 2536]

**2. SOUTHEAST WISCONSIN FREEWAY REHABILITATION --
ZOO INTERCHANGE RECONSTRUCTION**

SEG	\$24,000,000
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Provide \$17,000,000 in 2007-08 and \$7,000,000 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 the Department's proposed schedule for the project, the environmental study and preliminary engineering analysis will occur in 2007 and 2008, final design (including addressing real estate and utility issues) will occur between 2009 and 2011, and construction will occur between 2012 and 2016. The funding provided by the act will be used to conduct an environmental study and preliminary engineering analysis for the project.

[Act 20 Sections: 2525 thru 2528]

3. PROHIBITION AGAINST ADDITIONAL LANES ON I-94 NEAR WOOD NATIONAL CEMETERY IN MILWAUKEE COUNTY

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.

[Act 20 Section: 2528d]

4. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS FUNDING

SEG	\$44,294,300
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Provide \$17,964,000 in 2007-08 and \$26,330,300 in 2008-09 for the state highway maintenance and traffic operations program. These amounts reflect the following components: (a) \$10,510,000 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.

5. STATE HIGHWAY REHABILITATION FUNDING

SEG	\$138,765,700
FED	- 1,724,800
Total	\$137,040,900

Provide increases of \$58,129,100 in 2007-08 and \$78,911,800 in 2008-09 for the state highway rehabilitation program, which represents increases of 9.6% in 2007-08 and 3.1% in 2008-09, calculated on a base that excludes state-funded salary and fringe benefit costs. Of these amounts, the funding in 2007-08 is provided with \$57,638,000 SEG and \$491,100 FED, while the funding in 2008-09 is the net effect of an increase of \$81,127,700 SEG and a decrease of \$2,215,900 FED. Total funding for the program under the act is \$668,586,200 in 2007-08 and \$689,607,200 in 2008-09, which reflects the effect of this item, standard budget adjustments (\$1,611,800 annually), a separate item that transfers funding out of the program to reflect realignment of responsibilities and funding associated with departmental reorganization (-\$3,702,500 annually), and a separate item that provides \$238,300 in 2008-09 for making a grant to the Village of Rothschild. The following table shows the total funding for the program under the act, by fund source, 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	\$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

SEG	- \$339,300
SEG-S	39,679,500
Total	\$39,340,200

Provide \$15,507,100 in 2007-08 and \$23,833,100 in 2008-09 for the major highway development program, which represents increases of 5.2% in 2007-08 and 2.7% in 2008-09, calculated on a base that excludes state-funded salary and fringe benefit costs. These increases are the net effect of changes in the use of bonds (SEG-S) and SEG, as follows: (a) a decrease of \$3,504,000 SEG and an increase of \$19,011,100 SEG-S in 2007-08; and (b) increases of \$3,164,700 SEG and \$20,668,400 SEG-S in 2008-09. Total funding for the program, including SEG, FED, and bonding, is \$314,413,300 in 2007-08 and \$322,739,300 in 2008-09, which reflects the net effect of this item, plus a \$62,500 annual increase for standard

budget adjustments. The following table shows the total funding for the program under the act, by fund source, 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

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. USH 51 EXPANSION PROJECT IN DANE COUNTY

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]

9. HIGHWAY SIGNS FOR ATTRACTIONS IN MILWAUKEE COUNTY

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(7j)]

10. MARS CHEESE CASTLE SIGNS

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]

11. HIGHWAY SIGNS ON CTH CP OVERPASS IN MARINETTE COUNTY

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)]

12. STUDY OF HIGHWAY ROUTES THROUGH THE CITY OF RIPON

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)]

13. BUSINESS HIGHWAY 51 WIDENING PROJECT IN MARATHON COUNTY

SEG	\$238,300
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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)]

14. STATE HIGHWAY MAPS

SEG	- \$232,000
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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.

[Act 20 Section: 2528g]

15. USH 14 RESURFACING PROJECT IN ROCK AND WALWORTH COUNTIES

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.

[Act 20 Section: 9148(6i)]

16. PAVEMENT REHABILITATION PROJECT ON I-43 IN ROCK COUNTY

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.

[Act 20 Section: 9148(6j)]

17. TRANSPORTATION STUDY FOR CTH T AND STH 312 IN THE CITY OF EAU CLAIRE

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.

[Act 20 Section: 9148(9d)]

18. STUDY OF EXTENSION OF STH 138 IN ROCK COUNTY

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.

[Act 20 Section: 9148(5i)]

19. UTILITY COSTS ASSOCIATED WITH STH 78 PROJECT IN THE VILLAGE OF MERRIMAC

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.

[Act 20 Section: 2523w]

20. REIMBURSEMENT OF UTILITY COSTS IN THE CITY OF CRANDON

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.

[Act 20 Sections: 309c and 9148(9x)]

21. TRAFFIC SIGNALS IN THE TOWN OF ALBION IN DANE COUNTY

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.

[Act 20 Section: 9148(10b)]

22. STILLWATER BRIDGE FINANCIAL CONSULTANT

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)]

23. CONSTRUCTION SCHEDULE FOR STH 23 MAJOR HIGHWAY DEVELOPMENT PROJECT

Require DOT to begin 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.

[Act 20 Section: 2524g]

24. RECONSTRUCTION OF STH 13 IN THE CITY OF COLBY

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

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

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. TRUCK SIZE AND WEIGHT LAW STUDY

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)]

Motor Vehicles

1. IMPLEMENTATION OF THE FEDERAL REAL ID ACT

Positions	
SEG	25.90

Provide 25.9 positions annually for the implementation of provisions in the federal Real ID Act related to driver licensing and identification card issuance. In addition, provide \$9,805,300 in 2007-08 and \$12,184,000 in 2008-09 for this purpose in the Joint Committee on Finance's supplemental SEG appropriation (the fiscal effect of this funding is shown under Program Supplements). Specify that the Department may submit one or more requests to the Committee during the 2007-09 biennium for up to these amounts 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 following sections describe the provisions in Act 20 intended to comply with the Real ID Act. Specify, unless otherwise specified below, that these provisions take effect 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 must publish a notice in the Administrative Register that the provisions of Act 20 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 must 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, must publish a notice in the Administrative Register that states the date on which the Real ID Act

provisions of Act 20 will become effective.

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 act'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 act'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 precludes 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 act'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.

Miscellaneous Provisions

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.

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.

[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. EXTEND IDENTIFICATION CARD PERIOD

SEG-REV	\$1,598,300
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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)]

3. MOTOR CARRIER REGISTRATION SYSTEM

SEG	\$228,000
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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 emergency rule an annual fee for a motor vehicle that is operated in Wisconsin and that is subject to the unified carrier registration system. (The prior fee for motor vehicles operated under the single-state registration system was \$5 per vehicle. Under the unified carrier registration system, the U.S. DOT establishes 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.

The federal authorization for the single-state registration system expired on January 1, 2007. The unified carrier registration system replaced the single-state registration system. 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 requires 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 pay a single fee for their entire fleet, regardless of how many states in which they operate. Of the funding that is provided under this item, \$200,000 in 2007-08 is for computer system modifications to switch to the new fee system and \$14,000 annually is for dues paid by the state to the unified carrier registration system. 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.

[Act 20 Sections: 2925 thru 2928]

4. NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM	SEG \$140,700
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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 expired in October, 2007. The funding provided under this item allows DOT to make up the difference in the participation cost.

5. VEHICLE EMISSIONS INSPECTION PROGRAM	SEG -\$13,224,400
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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 and reduce funding by \$1,130,200 in 2008-09 to reflect a reestimate of the cost of the contract as the result of program modifications, described below. Transfer \$12,144,200 in 2008-09 (all remaining funding in that year) to the Joint Committee on Finance's supplemental appropriation (the corresponding, positive fiscal effect is shown under Program Supplements). 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.

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 8,500 pounds for vehicles of model year 2006 and earlier and of vehicles up to 14,000 pounds for vehicles of model year 2007 and later. Under current law, vehicles that are up to 10,000 pounds are subject to testing. 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 take effect on July 1, 2008.

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)]

6. DRIVER'S LICENSES USED FOR IDENTIFICATION PURPOSES FOLLOWING CANCELLATION

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]

7. HIGHWAY WEIGHT LIMITS FOR VEHICLES EQUIPPED WITH IDLE REDUCTION TECHNOLOGY

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 first applies to vehicles operated on the effective date of the act.

[Act 20 Sections: 3435j and 9348(5d)]

8. FORFEITURES FOR CERTAIN OVERWEIGHT TRUCK VIOLATIONS

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 prior law, only truck combinations with six or more axles.

[Act 20 Sections: 3435m, 3435n, and 9448(9q)]

9. ORGAN TRANSPLANT VEHICLES TREATED AS AUTHORIZED EMERGENCY VEHICLES

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 extends to emergency vehicles related to organ transplantation under this item.)

Specify that these provisions first apply to vehicles operated on the effective date of the act.

[Act 20 Sections: 2651g, 3190m, 3190p, 3220c, 3427c, 3427e, 3432c, 3432e, and 9348(7j)]

10. OPERATING AN AIRCRAFT WHILE INTOXICATED

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 prior 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 prior 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]

State Patrol

1. STATE PATROL FLEET COSTS

SEG	\$1,078,200
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Provide \$550,000 in 2007-08 and \$528,200 in 2008-09 for anticipated increases in State Patrol fleet costs. These amounts are 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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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 plans to

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

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.

[Act 20 Section: 9148(7c)]

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

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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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 act, \$237,700 annually allows 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 is for projected increases in utility costs associated with an expansion of these three facilities. Finally, \$213,200 annually is 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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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 act is intended to cover moving costs and anticipated higher rent costs.

4. DEPARTMENTAL REALIGNMENT

	Funding Positions	
FED	\$2,135,600	0.00
SEG	292,800	2.00
SEG-S	- 300,200	- 2.05
Total	\$2,128,200	- 0.05

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 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 act. 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 are eliminated in the Department's service center appropriation for data processing services.

UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	Amount		%	2007-08	2008-09	Over 2006-07
									Number	%
PR	\$117,918,000	\$143,850,500	\$143,850,500	\$51,865,000	22.0%	2,371.46	2,462.49	2,462.49	91.03	3.8%

Budget Change Item

1. STAFF AND SALARY INCREASES

Funding Positions		
PR	\$51,865,000	91.03

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 reflect the position levels at the Board in 2006-07.

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$1,027,067,700	\$1,098,689,800	\$1,139,180,600	\$183,735,000	8.9%	18,133.58	18,133.58	18,133.58	0.00	0.0%
FED	1,030,019,700	1,030,019,700	1,030,019,700	0	0.0	5,156.17	5,156.17	5,156.17	0.00	0.0
PR	2,239,366,400	2,313,148,100	2,375,892,400	210,307,700	4.7	8,040.77	8,044.77	8,044.77	4.00	0.0
SEG	<u>26,447,000</u>	<u>27,569,500</u>	<u>28,473,300</u>	<u>3,148,800</u>	6.0	<u>121.70</u>	<u>121.70</u>	<u>121.70</u>	<u>0.00</u>	0.0
TOTAL	\$4,322,900,800	\$4,469,427,100*	\$4,573,566,000*	\$397,191,500	4.6%	31,452.22	31,456.22	31,456.22	4.00	0.0%

*There is a required lapse of \$25,000,000 from this funding in the 2007-09 biennium.

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$92,870,400
PR	<u>28,931,400</u>
Total	\$121,801,800

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. UW SYSTEM INITIATIVES

GPR	\$21,455,600
PR	<u>7,935,200</u>
Total	\$29,390,800

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 individual initiatives are described below. The UW System's agency budget request included 313.35 GPR positions for these sixteen initiatives in 2008-09; Act 20 does not include any of the requested 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 table below shows how this funding will 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

Campus Initiatives

(1) *UW-Milwaukee* [\$8,399,400 GPR and \$1,230,100 PR]. With this funding, UW-Milwaukee will: (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* [\$2,116,400 GPR and \$852,900 PR]. This initiative will: (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* [\$1,936,300 GPR and \$1,088,600 PR]. This systemwide initiative will: (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 could 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* [\$1,683,300 GPR and \$946,400 PR]. This funding will 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* [\$1,631,200 GPR and \$917,100 PR]. This item will increase the number of baccalaureate degree holders in the state by serving adult students. UW Colleges and UW-Extension will: (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* [\$1,619,600 GPR and \$910,600 PR]. This allocation will fund 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 plans to 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 will 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 will be offered.

(7) *UW-Green Bay Access Plan* [\$1,092,200 GPR and \$614,000 PR]. Under this provision, UW-Green Bay will increase its headcount enrollment by 70 undergraduate students during the 2007-09 biennium. UW System indicates that this will 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* [\$783,200 GPR and \$440,300 PR]. 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 will: (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 will target high risk students, including 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* [\$703,800 GPR and \$395,700 PR]. 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 will 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 [\$353,900 GPR and \$199,000 PR]*. This item will 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 will 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 could 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 [\$239,400 GPR]*. This item will 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 [\$237,500 GPR and \$133,500 PR]*. This initiative will fund efforts to recruit and increase the retention of multicultural, disadvantaged, and disabled students. This initiative will 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 [\$202,400 GPR and \$113,700 PR]*. This funding will 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 will 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 [\$166,400 GPR]*. This funding will implement the fourth phase of the technology information system (TIS). TIS phase four will 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* [\$166,100 GPR and \$93,300 PR]. This initiative will 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 was secured through a campus grant and institutional reallocation. This program will target 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 could graduate from the major.

(16) *Early Math Placement Test* [\$124,500 GPR]. This item will 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.

3. REQUIRED LAPSE OF FUNDING

GPR-Lapse	\$25,000,000
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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)]

4. UW-LA CROSSE

GPR	\$664,800
PR	236,600
Total	\$901,400

Provide \$664,800 GPR and \$236,600 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 additional 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. As proposed by the UW System Board of Regents, this initiative would have been funded entirely by tuition. Under this provision, the financial aid portion of the initiative (\$225,400) is 100% GPR funded and the remaining activities are 65% GPR and 35% PR funded. This funding level is consistent with the UW System's estimate of the additional revenues that would have been generated by the proposed 2008-09 tuition increase at that campus. By providing this GPR funding, the tuition increase at La Crosse will be significantly less than initially proposed.

5. REESTIMATE DEBT SERVICE

GPR	\$32,964,900
PR	<u>22,320,200</u>
Total	\$55,285,100

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.

6. FUEL AND UTILITY EXPENSES

GPR	\$23,464,900
PR	<u>12,101,000</u>
Total	\$35,565,900

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.

7. RETENTION OF HIGH DEMAND FACULTY

GPR	\$6,922,900
PR	<u>3,077,100</u>
Total	\$10,000,000

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.

8. UW CANCER CENTER -- LUNG CANCER RESEARCH

GPR	\$2,500,000
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Provide \$2,500,000 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 will have to receive \$2,500,000 in gifts and grants from private sources for lung cancer research in order to expend this funding.

[Act 20 Section: 9152(3t)]

9. ISLET TRANSPLANTATION PROGRAM

GPR	\$400,000
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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 will complement ongoing federal grant funds.

10. UW-MILWAUKEE SCHOOL OF PUBLIC HEALTH

Require the Board of Regents to allocate \$200,000 in 2008-09 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.

[Act 20 Section: 9152(1)]

11. LAWTON AND ADVANCED OPPORTUNITY PROGRAMS

GPR	\$2,091,500
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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 increases by 6.8% 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 increases 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.

12. APPLICATION FEE INCREASE

PR	\$2,200,000
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Increase statutorily set application fees from \$45 to \$56 for graduate, law, professional students and from \$35 to \$44 for new freshman and out-of-system transfers. This increase will first apply to applications received on the effective date of Act 20. Provide \$1,100,000 annually to reflect the estimated increase in revenues from this increase in application fees. 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.

[Act 20 Sections: 730, 731, and 9352(3)]

13. STUDENT TECHNOLOGY FEE REVENUES

PR	\$1,536,100
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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 will provide expenditure authority for student technology fee revenues from fees established in previous biennia.

14. UW-MADISON INTERCOLLEGIATE ATHLETICS

PR	\$18,100,400
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Provide \$7,248,200 in 2007-08 and \$10,852,200 in 2008-09 for: (a) general program operations (\$5,050,400 in 2007-08 and \$8,544,600 in 2008-09); and (b) National Collegiate Athletic Association legislative changes allowing additional home games (\$2,197,800 in 2007-08 and \$2,307,600 in 2008-09). 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.

15. REESTIMATE AUXILIARY OPERATIONS AND GENERAL OPERATING RECEIPTS

PR	\$76,115,700
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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.

16. REESTIMATE GIFT FUNDS

PR	\$36,954,000
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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.

17. REESTIMATE TRUST FUND INCOME

SEG	\$2,648,800
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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.

18. SLH -- IMPLIED CONSENT DRUG TESTING

	Funding	Positions
PR	\$400,000	2.00

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).

19. VETERINARY DIAGNOSTIC LAB -- AVIAN INFLUENZA TESTING

	Funding	Positions
PR	\$400,000	2.00

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.

20. USE OF UNIVERSAL SERVICE FUND MONEYS

Authorize the use of moneys from the universal service fund to pay for telecommunications services provided by the Department of Administration across the UW System, rather than only for the campuses at River Falls, Stout, Superior, and Whitewater as under prior law.

[Act 20 Section: 2929v]

21. TUITION AND FEE REMISSIONS FOR THE CHILDREN OF CERTAIN VETERANS

Delete the requirement that the children of certain veterans be enrolled as full-time students to receive tuition and fee remissions. In addition, provide that children of certain veterans are eligible for tuition remissions provided they are at least 17 years old, rather than at least 18 years old as under prior law. These changes first apply to students enrolled in the 2007-08 academic year. As modified in Act 20, 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 students is at least 17 years old but not yet 26 years old.

[Act 20 Sections: 734 and 9352(1k)]

22. SURVIVING SPOUSE TUITION REMISSION

Specify that an unremarried surviving spouse of an eligible veteran who had a child with the veteran could receive a tuition remission until 10 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 10 years after the veteran died as under prior law, whichever is later.

[Act 20 Sections: 733mr, 733mw, and 9352(1k)]

23. PROGRAMS RELATED TO MEDICAL PRACTICE IN UNDERSERVED URBAN AND RURAL AREAS

GPR	\$400,000
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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 will 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 will 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]

24. DISCOVERY FARM FUNDING

SEG	\$500,000
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Provide \$250,000 in each year of the 2007-09 biennium from the agricultural chemical cleanup fund SEG account to the UW-Extension to provide grants for research and outreach at the discovery farms under the Wisconsin agricultural stewardship initiative.

Discovery farms are a series of operating, commercial farms conducting on-farm research while cooperating with each other, a research farm at UW-Platteville, and researchers at UW-Madison, together forming the agricultural stewardship initiative.

[Act 20 Sections: 261e and 732x]

25. SHORT COURSE TO INTRODUCE CHINESE STUDENTS TO THE WISCONSIN IDEA

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 will 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.

[Act 20 Section: 9152(2u)]

26. INFORMATION TECHNOLOGY REPORTING

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 must 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.

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 or campus. Specify that the policies must: (a) prescribe a standardized format; and (b) require both ongoing and planned information technology projects be included. Specify that JCIPT must approve the written information technology policies established by the UW System and that subsequent revisions to these policies must be provided to JCIPT.

Policies for Information Technology Projects. Require the UW System to promulgate: (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 the estimated costs and timeline can be presented to the Board of Regents and the JCIPT.

Commercially Available Products. Require the UW System to promulgate: (a) a requirement that the UW System and campuses review commercially available information technology products to determine whether such a system will 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 will 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 determine whether a proposed change 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 will be included under the contract to ensure that the information technology project will 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.

In addition, allow JCIPT 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 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 not included in a previous report; (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 to make recommendations to the Legislature and the Governor related to whether an information technology project should be implemented or continued.

[Act 20 Sections: 9rk, 731m, 731p, 736x, 2994g, and 9152(2v)]

27. PROVIDE INFORMATION RELATED TO SEGREGATED FEES ON TUITION BILLS

Require each UW System campus to provide information on segregated fees on the internet website of the institution. Specify that this information must 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]

28. LIMITED APPOINTMENTS AND CONCURRENT AND BACK-UP POSITIONS

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]

29. TRANSFER REQUIREMENT

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						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$2,107,200	\$2,580,700	\$2,491,000	\$857,300	20.3%	0.00	0.00	0.00	0.00	N.A.
FED	1,743,600	1,933,900	1,933,900	380,600	10.9	12.50	12.50	12.50	0.00	0.0%
PR	67,666,600	78,994,200	80,849,700	24,510,700	18.1	952.49	974.85	974.85	22.36	2.3
SEG	<u>60,237,900</u>	<u>61,184,800</u>	<u>59,241,800</u>	<u>- 49,200</u>	< - 0.1	<u>134.41</u>	<u>119.55</u>	<u>119.55</u>	<u>- 14.86</u>	- 11.1
TOTAL	\$131,755,300	\$144,693,600	\$144,516,400	\$25,699,400	9.8%	1,099.40	1,106.90	1,106.90	7.50	0.7%
BR		\$85,000,000								

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

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 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 (e) minor offsetting transfers within the same appropriation.

GPR	-\$284,600
FED	64,200
PR	10,238,800
SEG	<u>127,000</u>
Total	\$10,145,400

2. DEBT SERVICE REESTIMATES

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).

GPR	\$154,900
PR	1,093,400
SEG	<u>5,249,000</u>
Total	\$6,497,300

3. BONDING AUTHORITY INCREASE FOR THE PRIMARY MORTGAGE LOAN PROGRAM

BR	\$85,000,000
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Provide an increase in bonding authority for the primary mortgage loan program of \$85,000,000. The total bonding authority for the program would increase from \$2,120,840,000 to \$2,205,840,000 under this request. Bond proceeds are used to issue primary mortgage loans to Wisconsin veterans.

[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

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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Provide one-time funding of \$390,000 in 2007-08 and \$300,000 in 2008-09 for electronic document images of veteran basefiles. Under Act 20, 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

SEG	\$300,000
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Provide \$300,000 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 Outagamie County; (b) \$65,000 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; and (c) \$200,000 to initiative design planning of a veterans home in Chippewa Falls.

Require DVA to use the funding related to the Douglas County study 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.

[Act 20 Sections: 9153(2c) and 9153(3g)]

7. EXHIBIT FUNDING FOR VETERANS MUSEUM

GPR	\$150,000
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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.

8. VETERANS MUSEUM AUDIO AND LIGHTING UPGRADES

GPR	\$143,000
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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 devises, two security cameras, and four access card readers for the museum.

9. VETERANS MUSEUM CURATOR

Allow the Department to convert 1.0 FTE existing marketing specialist position within the museum operations appropriation into a curator position.

10. OPERATING COSTS AT THE VETERANS CEMETERY AT KING

FED	\$25,000
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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.

11. FEE REVENUE FOR BURIAL OF VETERANS' SPOUSES AND DEPENDANTS

PR	\$14,000
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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.

12. ADMINISTRATIVE POSITIONS

	Funding	Positions
PR	-\$212,200	- 1.82
SEG	<u>-701,600</u>	<u>-5.68</u>
Total	-\$913,800	-7.50

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.

Aids to Veterans and Veterans Organizations

1. VETERAN EDUCATION GRANTS

SEG	- \$3,824,700
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Provide -\$2,034,100 in 2007-08 and -\$1,790,600 in 2008-09 to reflect fewer reimbursement requests for veteran education grants. Base funding for the program is \$3,832,200. Total funding equals \$1,798,100 in 2007-08 and \$2,041,600 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.

2. RETRAINING GRANTS

SEG	\$36,000
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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

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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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

GPR	\$125,000
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Create a GPR veterans assistance appropriation and provide \$75,000 in 2007-08 and \$50,000 in 2008-09 for assistance to veterans with post traumatic stress disorder on a one-time basis. 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. Sunset the appropriation on June 30, 2009.

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.

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.

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. 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).

[Act 20 Sections: 512, 782m, 783m, 786g, and 786m]

6. VETERANS ASSISTANCE PROGRAM OPERATIONAL COSTS SEG - \$450,000

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

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. "MISSION WELCOME HOME" OUTREACH SERVICES GPR \$34,000

Provide \$17,000 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. Specify that funding from this appropriation could not be expended after June 30, 2009.

[Act 20 Section: 513m]

9. AMERICAN INDIAN VETERANS SERVICES PR \$44,000

Provide \$22,000 annually from tribal gaming revenues for outreach assistance grants for 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.

10. COUNTY VETERANS SERVICE OFFICER GRANTS SEG \$55,400

Provide \$43,400 in 2007-08 and \$12,000 in 2008-09 for increased grants to counties for their county veterans service officers (CVSO).

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.

11. ELIGIBILITY FOR BURIAL IN VETERANS CEMETERIES

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 prior law, a person must have been released under *honorable conditions* in order to be eligible for burial in a Wisconsin veterans cemetery.

[Act 20 Sections: 791 and 792]

12. ASSISTANCE TO NEEDY VETERANS

SEG	\$192,000
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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. Under prior law, over any 12-month period, grants for a veteran could 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. Under prior law, payments could not exceed \$2,000 over any consecutive 12-month period.

[Act 20 Sections: 785d thru 785m]

13. KOREAN WAR MEMORIAL REFURBISHMENT

GPR	\$165,000
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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.

[Act 20 Sections: 513g and 9153(3i)]

14. BURIAL OF NON-RESIDENT SERVICE MEMBERS

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]

Homes and Facilities for Veterans

1. ENERGY COSTS

PR	\$2,144,100
SEG	<u>62,900</u>
Total	\$2,207,000

Provide \$993,500 (\$964,600 PR and \$28,900 SEG) in 2007-08 and \$1,213,500 (\$1,179,500 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 (\$934,700 PR in 2007-08 and \$1,025,400 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.

2. OVERTIME

PR	\$1,473,500
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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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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

PR	\$100,000
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Provide \$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 PR) and media marketing initiatives (\$18,800 PR) for the veterans homes.

5. KING -- SUPPLIES AND SERVICES

PR	\$4,064,200
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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

	Funding	Positions
PR	\$1,511,900	15.00

Provide \$648,000 in 2007-08 and \$863,900 in 2008-09 with 15.0 positions, beginning in 2007-08, to increase the number of direct care staff (including 4.0 registered nurses) available to serve residents of the Veterans

Home at King.

7. KING -- LIMITED-TERM EMPLOYEES

PR	\$1,407,400
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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

PR	\$110,000
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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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Provide \$25,000 annually to support training through the Fox Valley Wisconsin Technical College 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

GPR	\$313,000
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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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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

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. Require that any such transfer be subject to the approval of the Joint Committee on Finance under a 14-day passive review process.

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.

[Act 20 Sections: 783 and 786u]

13. NURSE STIPEND

PR	\$87,400
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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.

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

1. DIVIDENDS FOR WISCONSIN TRANSFER

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 act).

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.

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.

[Act 20 Sections: 201, 202, 3025 thru 3028f, 9108(1), and 9424(1i)&(2i)]

2. WHEDA SURPLUS TRANSFER FOR GRANT TO OSHKOSH

Increase the transfer from unencumbered reserves to Commerce for housing grants and loans by \$25,000 in 2007-08. Specify that Commerce make a grant of \$25,000 to the City of Oshkosh for neighborhood improvement and stabilization.

[Act 20 Sections: 201, 3027g, and 9108(5i)]

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Act 20		2007-09 Change Over Base Year Doubled		2006-07	Act 20		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$140,905,800	\$142,152,500	\$143,152,500	\$3,493,400	1.2%	30.25	30.25	30.25	0.00	0.0%
FED	32,941,000	33,392,500	33,392,500	903,000	1.4	36.85	36.85	36.85	0.00	0.0
PR	7,875,100	7,951,900	7,951,900	153,600	1.0	14.20	14.20	14.20	0.00	0.0
TOTAL	\$181,721,900	\$183,496,900*	\$184,496,900*	\$4,550,000	1.3%	81.30	81.30	81.30	0.00	0.0%

*There is a required lapse of \$1,000,000 from this funding in the 2007-09 biennium.

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Adjust the base budget by \$246,700 GPR, \$451,500 FED, and \$21,800 PR annually for: (a) full funding of continuing salaries and fringe (\$241,700 GPR, \$441,500 FED, and \$21,800 PR annually); and (b) full funding of lease costs and directed moves (\$5,000 GPR and \$10,000 FED annually).

GPR	\$493,400
FED	903,000
PR	43,600
Total	\$1,440,000

2. TRAINING PROGRAM GRANTS

GPR	\$3,000,000
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Provide \$1,000,000 in 2007-08 and \$2,000,000 in 2008-09. Annual base level funding for the program, also known as workforce advancement training grants, is \$1,000,000. Of the increase, specify that the following requirements 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 its most recent fiscal 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 apply: (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 a grant cannot 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.

[Act 20 Section: 743m]

3. REQUIRED LAPSE OF FUNDING

GPR-Lapse \$1,000,000

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 are 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)]

4. REESTIMATE PERSONNEL CERTIFICATION REVENUE

PR	\$110,000
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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.

5. ALLOCATE INCENTIVE GRANT TO NORTHCENTRAL TECHNICAL COLLEGE

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.

[Act 20 Section: 9146(1k)]

6. TUITION AND FEE REMISSIONS FOR THE CHILDREN OF CERTAIN VETERANS

Delete the requirement that the children of certain veterans be enrolled as full-time students to receive tuition and fee remissions. In addition, provide that the children of certain

veterans are eligible for tuition remissions if they are at least 17 years old. Specify that these changes first apply to students enrolled in the 2007-08 academic year.

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. Under prior law, the student was required to be at least 18 years old but not yet 26 years old and enrolled full-time in order to qualify.

[Act 20 Sections: 739 and 9346(1)]

7. SURVIVING SPOUSE TUITION REMISSION

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)]

8. FIRE DUES STATE OPERATIONS

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 prior law, unencumbered balances in the appropriation carried over to the next fiscal year.

[Act 20 Sections: 265m and 9346(3k)]

WORKFORCE DEVELOPMENT

Budget Summary						FTE Position Summary				
Fund	2006-07	Act 20		2007-09 Change Over		2006-07	Act 20		2008-09	
	Adjusted Base	2007-08	2008-09	Base Year Doubled	%		2007-08	2008-09	Number	%
GPR	\$178,436,800	\$179,852,700	\$25,990,700	-\$151,030,200	-42.3%	160.73	162.73	145.62	-15.11	-9.4%
FED	696,424,400	667,427,400	216,941,200	-508,480,200	-36.5	1,257.85	1,241.35	1,102.81	-155.04	-12.3
PR	142,613,000	120,730,000	64,338,400	-100,157,600	-35.1	380.02	379.31	368.66	-11.36	-3.0
SEG	<u>27,659,300</u>	<u>31,370,500</u>	<u>20,807,000</u>	<u>-3,141,100</u>	-5.7	<u>103.55</u>	<u>103.55</u>	<u>103.55</u>	<u>0.00</u>	0.0
TOTAL	\$1,045,133,500	\$999,380,600	\$328,077,300	-\$762,809,100	-36.5%	1,902.15	1,886.94	1,720.64	-181.51	-9.5%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

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 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.

	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

2. REASSIGN EXECUTIVE POSITION TO NEW EXECUTIVE SALARY GROUP LEVEL

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 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 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 act's provision affects other executive positions in a number of state agencies. [See "Office of State Employment Relations."]

[Act 20 Section: 624]

3. TRANSFER W-2, CHILD CARE, CHILD SUPPORT, AND OTHER TANF-RELATED PROGRAMS TO DEPARTMENT OF CHILDREN AND FAMILIES

	Funding	Positions
GPR	-\$154,943,400	- 17.11
FED	- 450,616,000	- 136.54
PR	- 58,332,200	- 10.65
SEG	<u>- 9,896,600</u>	<u>0.00</u>
Total	-\$673,788,200	- 164.30

Decrease funding by \$154,943,400 GPR, \$450,616,000 FED, \$58,332,200 PR, and \$9,896,600 SEG in 2008-09 and decrease positions by 17.11 GPR positions, 136.54 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 will be created under the act.

Reduce the number of division administrators in DWD from seven to six.

Specify that on July 1, 2008, the following will 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 will 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 will be transferred to DCF;
- c. Classified positions relating primarily to general administration and program support that the Secretary of DOA determines should be transferred will be transferred to DCF. Upon determination of these employees, DWD must, in conjunction with DHFS, by January 1, 2008, 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 will have the same rights and status in DCF that they enjoyed in DWD, and no employee transferred who has attained permanent status will 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 will 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 will remain in effect and will be transferred to DCF. DCF will 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 will 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 will be transferred to DCF and all materials submitted to or actions taken by DWD with respect to the pending matter will be considered as having been submitted to or taken by DCF.

Finally, the act corrects obsolete references related to DWD and to statutory sections related to actions affecting the family.

4. TRANSFER FOODSHARE EMPLOYMENT AND TRAINING PROGRAM FROM DWD TO DHFS

	Funding	Positions
PR	-\$16,635,200	- 1.71

Decrease funding by \$8,317,600 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.

Prior state law required DHFS to contract with DWD to administer the FSET program for FoodShare recipients and authorized DWD to contract with W-2 agencies to administer the program at the local level. DHFS provided \$8,204,600 annually to DWD to administer FSET. In addition, DWD's budget included 1.71 positions and \$113,000 annually associated with these positions, which previously supported FSET administration at the state level.

The act requires DHFS to administer FSET and authorizes DHFS to contract with county departments of human/social services and with tribal governing bodies to carry out the administrative functions. The act also authorizes county departments and tribal governing bodies to subcontract with W-2 agencies or other providers to administer the FSET program. The act eliminates 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 act expands 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" will 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 will no longer receive FSET revenue from DHFS. The act modified the interagency and intra-agency programs appropriation in DWD to eliminate FSET revenue as part of the monies received in this appropriation. The act also modified the income maintenance appropriation in DHFS to include FSET.

The act specifies 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, will be transferred from DWD to DHFS and that the employee transferred will have the same rights and status that he or she enjoyed in DWD immediately before the transfer and will 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 was eliminated [1.71 positions were deleted in DWD and 1.00 position was created in DHFS.]

[Act 20 Sections: 387, 464, 1397 thru 1407, 1425, 1662 thru 1667, 1669, 2645, and 9154(3k)]

5. TRANSFER PROGRAMS, APPROPRIATIONS, AND POSITION AUTHORITY FROM ECONOMIC SUPPORT PROGRAM TO WORKFORCE DEVELOPMENT PROGRAM

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 will not be transferred to the Department of Children and Families. Instead, these programs will be transferred within DWD to the workforce

development program. The economic support program within DWD will be deleted.

[Act 20 Sections: 452, 473, and 1489]

6. 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

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.

Employment, Training, and Vocational Rehabilitation Programs

1. VOCATIONAL REHABILITATION -- PROGRAM AND FEDERAL APPROPRIATION REVENUE AND EXPENDITURE REESTIMATES

FED	\$3,509,300
PR	<u>- 510,000</u>
Total	\$2,999,300

Provide expenditure authority adjustments to appropriations in the Division of Vocational Rehabilitation (DVR) 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

GPR	\$1,619,800
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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 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

Modify the GPR vocational rehabilitation general program operations; purchased services for clients appropriation from an annual appropriation to a continuing appropriation. Under prior law, the appropriation was an annual appropriation, but permitted the transfer of funds between fiscal years. Any funds appropriated for a particular fiscal year that were transferred to the next fiscal year and not spent or encumbered by September 30 of that next fiscal year lapsed to the general fund on October 1. The act instead allows DWD to expend the appropriated funds until depleted.

[Act 20 Section: 481]

4. WORKER'S COMPENSATION -- WORK INJURY SUPPLEMENTAL BENEFIT FUND APPROPRIATION INCREASE

SEG	\$3,000,000
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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 FUND APPROPRIATION INCREASE SEG \$1,900,000

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 RESOLUTION OFFICER POSITION AND MOU SUPPORT SEG \$451,700

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 -- RENT COSTS FOR MILWAUKEE OFFICE PR \$44,600

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 is 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 consolidates into a single PR appropriation most current appropriations that are funded by interest and penalties, including this appropriation.

8. UNEMPLOYMENT INSURANCE -- INTEREST AND PENALTY PAYMENTS APPROPRIATIONS CONSOLIDATION

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; and (c) funding for the Department of Justice to enforce the state unemployment insurance law. The funding and position authority from these appropriations is 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 is designated to fund all of the activities that the separate appropriations previously funded. Annual expenditure authority of \$1,727,900 PR and 2.50 PR positions is 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. Previously, this revenue was first placed in the interest and penalty payments appropriation, and then transferred to each of the other separate appropriations.

[Act 20 Sections: 441 thru 445, 2651, and 9254(1)]

9. FEDERAL AND PROGRAM REVENUE APPROPRIATION REESTIMATES

FED	\$40,300
PR	- 11,173,200
Total	- \$11,132,900

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: (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 of the act consolidated the UI administration appropriation with the UI interest and penalty payments appropriation.]

10. YOUTH APPRENTICESHIP PROGRAM

	Funding	Positions
GPR	\$1,629,400	2.00

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.

11. YOUTH SUMMER JOBS PROGRAMS

GPR	\$1,000,000
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Provide \$500,000 annually 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.

[Act 20 Sections: 440g and 2650]

12. GRANT TO RACINE YOUNG WOMEN'S CHRISTIAN ASSOCIATION (YWCA)

GPR	\$25,000
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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.

[Act 20 Sections: 453e, 453f, 9154(4k), and 9454(3k)]

13. GRANT TO RACINE COUNTY WORKFORCE DEVELOPMENT BOARD (WDB)

GPR	\$25,000
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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.

[Act 20 Sections: 440m, 440p, 9154(5k), and 9454(5k)]

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES

Table 1 shows the Wisconsin Works (W-2) and temporary assistance for needy families (TANF) related revenue estimates and expenditures under Act 20. 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, total revenues for W-2 and TANF related programs are estimated at \$566,732,000 in 2007-08 and \$566,399,400 in 2008-09. Overall, total revenues are lower by \$24,961,800 in 2007-08 and \$25,294,400 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 \$1,029,800 annually.

State funding includes \$167,175,600 (\$150,111,200 GPR, \$7,832,400 PR, and \$9,232,000 SEG) in 2007-08 and \$166,843,000 (\$150,111,200 GPR, \$7,499,800 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 \$399,556,400 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 Act 20, overall expenditures for W-2 and TANF related programs are budgeted at \$566,732,000 in 2007-08 and \$566,399,400 in 2008-09. These amounts include all funds, and represent a decrease from the base budget of \$24,881,300 in 2007-08 and \$25,213,900 in 2008-09. 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 Act 20

	2007-08	2008-09	Change to Base		Item #
			2007-08	2008-09	
Revenues					
State General Purpose Revenue in DWD (GPR)	\$150,111,200	\$150,111,200	\$50,000	\$50,000	
AFDC Overpayment Recoveries (PR)	187,500	210,400	-525,200	-502,300	2
CCDF & 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)	82,862,100	82,862,100	1,029,800	1,029,800	
FSET Funds (PR-S)	0	0	-8,112,600	-8,112,600	
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)	500	500	-500	-500	2
TANF Carryover (FED)	0	0	-5,141,300	-5,141,300	
Total Revenues	\$566,732,000	\$566,399,400	-\$24,961,800	-\$25,294,400	
Expenditures					
W-2 Agency Contracts					
Benefits	\$44,068,500	\$43,392,200	-\$8,373,400	-\$9,049,700	3, 6
Administration	10,701,100	10,701,100	-2,500,000	-2,500,000	4
Services	38,471,500	38,471,500	-8,112,600	-8,112,600	4
Child Care					
Direct Child Care Subsidies	\$340,601,800	\$355,352,000	\$27,169,700	\$41,919,900	7
Child Care State Administration	1,765,600	1,600,300	240,700	75,400	18,19
Quality Care for Quality Kids	5,311,000	5,311,000	-2,067,500	-2,067,500	8
Day Care Licensing	4,800,600	4,800,600	360,100	360,100	8
Other Benefits					
Kinship Care	\$23,579,800	\$23,579,800	\$893,500	\$893,500	9
Caretaker Supplement for Children of SSI Recipients	30,094,700	30,094,700	-299,300	-299,300	10
Emergency Assistance	6,000,000	6,000,000	1,500,000	1,500,000	11
Administrative Support					
State Administration	\$16,064,600	\$16,263,000	-\$358,300	-\$159,900	18, 19
Fraud Prevention/Program Integrity	605,500	605,500	605,500	605,500	12
Other Support Services					
Children First	\$1,140,000	\$1,140,000	\$0	\$0	
Grant Programs					
Boys and Girls Club Grants	\$350,000	\$350,000	\$50,000	\$50,000	13
Expenditures in Other Programs					
Earned Income Tax Credit	\$21,125,400	\$6,664,200	-\$34,106,600	-\$48,567,800	15
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	16
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	17
Total Expenditures	\$566,732,000	\$566,399,400	-\$24,881,300	-\$25,213,900	
Ending Balance	\$0	\$0			

2. TANF REVENUE ADJUSTMENTS

GPR	\$100,000
FED	31,872,200
PR	-2,006,000
Total	\$29,966,200

Increase funding by \$50,000 GPR annually, decrease funding by \$836,700 PR in 2007-08 and \$1,169,300 PR in 2008-09, and increase funding by \$15,769,800 FED in 2007-08 and \$16,102,400 FED in 2008-09 to reflect: (a) additional state GPR funds for TANF-related programs; (b) a reestimate of funding generated from the state's share of AFDC overpayment recoveries; (c) a reestimate of the state's share of child support collections used to fund W-2 (the removal of one-time funding of \$6,950,000 annually is shown under standard budget adjustments); (d) an increase in TANF funding to replace revenue lost from the transfer of the food stamp employment and training program from DWD to DHFS; and (e) 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).

3. W-2 CASH BENEFITS ALLOCATION

FED	-\$17,548,100
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Reduce funding by \$8,415,400 in 2007-08 and \$9,132,700 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 will total \$44,026,500 in 2007-08 and \$43,309,200 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 funds the next 24 months of the 2006-2009 contracts. The last six months of the 2006-2009 contracts will be funded in the 2009-11 biennial budget.

[Act 20 Section: 1436]

4. W-2 AGENCY CONTRACTS -- ADMINISTRATION AND SERVICES

FED	-\$21,225,200
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Reduce funding by \$8,112,600 annually for services under the W-2 agency contracts. Services funding for the W-2 program will 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 were funded in the 2005-07 biennial budget. Funding for the next 24 months of the 2006-2009 contracts is provided under this provision. Funding for the last six months of the 2006-2009 contracts will be provided in the 2009-11 biennial budget. All of the reduction in funding for services reflects the transfer of the FoodShare employment and training program from DWD to DHFS.

In addition, reduce funding for local administration of W-2 by \$2,500,000 annually. Under the act, funding for local administration of W-2 will total \$10,701,100 in each year.

[Act 20 Sections: 1437 and 1439]

5. W-2 AGENCY PERFORMANCE BONUSES

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

FED	\$125,000
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Provide \$42,000 in 2007-08 and \$83,000 in 2008-09 to establish a real work real pay demonstration project. The additional funding will cover cash benefits 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 will include the following provisions:

Participants. Limit the project to 100 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 for no more than 30 hours per week. [The federal minimum wage is currently \$5.85 per hour, but will increase to \$6.55 per hour on July 24, 2008, and to \$7.25 per hour on July 24, 2009.] Wage subsidy payments will 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 will 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 will 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 will 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 will 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 will provide worker's compensation coverage, the participant will have to meet the nonfinancial and financial eligibility requirements of other W-2 employment placements, and the participant will receive at least minimum wage.

Rules Exemption. Specify that the statutory definition of rule does not apply to the pilot project. As a result, DWD will 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 will make the ultimate determination, the administration believes that participants in the pilot project will qualify for the federal earned income tax credit (EITC). If that is the case, participants will also qualify for the state EITC. Participants will also qualify for the state homestead tax credit, regardless of whether they qualify for the EITC. However, the act 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 will 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 must 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.

[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. CHILD CARE SUBSIDIES

FED	\$69,089,600
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Provide \$27,169,700 in 2007-08 and \$41,919,900 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 Act 20 will total \$340,601,800 in 2007-08 and \$355,352,000 in 2008-09. Base level funding is \$313,432,100.

Under current law (prior to implementation of attendance-based reimbursement in March, 2007), the cost of fully funding the child care subsidy program was estimated at \$346,400,000 in 2007-08 and \$356,400,000 in 2008-09. The funding amounts provided under the act are lower than these figures by \$5,798,200 in the first year and \$1,048,000 in the second year. DWD will be permitted to continue the attendance-based reimbursement policy, and to modify recipients' co-payments, as under prior law. The act did not change the eligibility requirements for child care subsidies or authorize DWD to implement waiting lists.

[Act 20 Section: 1442]

8. QUALITY CARE FOR QUALITY KIDS

FED	-\$3,664,800
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Reduce funding by \$1,832,400 annually for programs to improve child care quality and availability. Total funding of \$10,111,600 annually will be allocated for quality improvement programs, including amounts transferred to DHFS for day care licensing. The act requires 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; (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 will 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. The following table shows base level funding for these programs.

**Base Funding for Programs to Improve
Child Care Quality and Availability**

	<u>Base Funding</u>
Child Care Scholarship	\$3,275,000
Child Care Information Center	125,000
Resource and Referral	1,225,000
Technical Assistance	400,000
Local Pass-Through	2,478,500
Child Care Licensing	4,440,500
 Total	 \$11,944,000

Funding for quality care for quality kids also includes \$125,000 for the child care information center. These funds were previously provided under child care state administration.

[Act 20 Sections: 1407c thru 1407j, 1420f, 1420m, and 1443c thru 1444c]

9. KINSHIP CARE

FED	\$1,787,000
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Increase funding transferred to DHFS for the kinship care program by \$893,500 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 act will 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]

10. CARETAKER SUPPLEMENT

FED	-\$598,600
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Decrease TANF funding by \$299,300 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 act will total \$30,094,700 annually, including \$29,450,100 for benefits and \$644,600 for administration.

[Act 20 Section: 1450]

11. EMERGENCY ASSISTANCE

FED	\$3,000,000
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Provide \$1,500,000 annually 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 emergency assistance program will total \$6,000,000 annually.

[Act 20 Section: 1441]

12. FRAUD PREVENTION AND PROGRAM INTEGRITY

FED	\$1,211,000
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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 will no longer be sufficient to fund these contracted activities.

[Act 20 Section: 1440]

13. BOYS AND GIRLS CLUBS

FED	\$100,000
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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 will total \$350,000 annually.

[Act 20 Section: 1447b]

14. EARLY CHILDHOOD EXCELLENCE

Delete the TANF allocation for the early childhood excellence program. Funding was eliminated in 2005-06.

[Act 20 Section: 1445]

15. EARNED INCOME TAX CREDIT

FED	-\$82,674,400
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Decrease the amount of TANF funding used for the state earned income tax credit (EITC) by \$34,106,600 in 2007-08 and \$48,567,800 in 2008-09. In total, the state EITC is estimated to cost \$92,100,000 in 2007-08 and \$97,400,000 in 2008-09. The amount of TANF funding for the EITC will be \$21,125,400 in 2007-08 and \$6,664,200 in 2008-09. The remainder of the EITC will be funded with GPR. GPR funding for the EITC is shown under "General Fund Taxes -- Individual and Corporate Income Taxes."

[Act 20 Section: 1454]

16. CHILD WELFARE SAFETY SERVICES

FED	-\$151,800
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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 will total \$5,631,300 annually.

[Act 20 Section: 1451]

17. CHILD WELFARE INFORMATION SYSTEM

FED	\$407,200
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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.

[Act 20 Section: 1453]

18. COMPENSATION AND HEALTH INSURANCE RESERVES

FED	\$808,600
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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 will be held in reserve to supplement administrative costs, if necessary, for pay-plan and health insurance increases for DWD employees. Of these amounts, \$244,800 in 2007-08 and \$453,700 in 2008-09 is provided for TANF state administration and \$38,600 in 2007-08 and \$71,500 in 2008-09 is provided for child care state administration.

[Act 20 Sections: 1440 and 1443c]

19. STATE ADMINISTRATION

FED	-\$1,319,300
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Reduce funding by \$555,300 in 2007-08 and \$764,000 in 2008-09 to reflect a decrease to TANF state administration expenses to balance the TANF budget and an increase to child care state administration to accurately reflect base funding. Funding for TANF state administration will total \$16,064,600 in 2007-08 and \$16,263,000 in 2008-09. Funding for child care state administration will total \$1,765,600 in 2007-08 and \$1,600,300 in 2008-09.

The total for TANF state administration includes a reduction of \$845,500 in 2007-08 and \$856,000 in 2008-09, an increase of \$244,800 in 2007-08 and \$453,700 in 2008-09 for compensation and health insurance reserves, and an increase of \$242,400 annually in standard budget adjustments. The total for child care state administration includes an increase of \$290,200 in 2007-08 and \$92,000 in 2008-09, an increase of \$38,600 in 2007-08 and \$71,500 in 2008-09 for

compensation and health insurance reserves, and an increase of \$36,900 annually in standard budget adjustments. Child care state administration also shows a reduction of \$125,000 annually to reflect that the child care information center is now provided funding under quality care for quality kids.

[Act 20 Section: 1440]

20. FRAUD INVESTIGATION

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.

[Act 20 Sections: 453m and 1465m]

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 prior law (before October 1, 2007), these federal incentive payments expended for child support enforcement activities were reimbursed by the federal government based on a

federal financial participation rate of 66% of eligible costs. The federal Deficit Reduction Act of 2005 eliminated 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, Act 20 provides 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 will have a deficit of \$2.1 million annually. In addition, the counties will 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 will be needed to address the remaining shortfall in funding for child support enforcement activities.

2. FEDERAL AND STATE FUNDS FOR CHILD SUPPORT ENFORCEMENT ACTIVITIES

GPR	\$150,000
FED	- 36,865,400
Total	- \$36,715,400

Decrease federal expenditure authority by \$17,685,700 in 2007-08 and \$19,179,700 in 2008-09 and increase state funding in DWD by \$150,000 GPR in 2007-08 for state and county child support enforcement activities. In addition, place \$2,750,000 GPR in 2007-08 and \$5,500,000 GPR in 2008-09 in the Joint Committee on Finance's general program supplementation appropriation, which DWD could request under section 13.10 of the statutes if it appears that federal legislation restoring the ability to match federal incentive payments will not be enacted. [The funding placed in the Joint Committee on Finance's appropriation is show under "Program Supplements."]

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 prior state law, DWD distributed 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 was less than \$12,340,000; or (b) \$12,340,000 plus

30% of the amount awarded to the state that exceeded \$12,340,000. In addition, counties received the federal matching funds for the federal child support incentive payments that they received before October 1, 2007. DWD retained 70% of the federal child support incentive payments awarded to the state that exceeded \$12,340,000 to support state operations. If the state received a federal child support payment that was less than \$12,340,000, then the state provided state supplemental payments to counties. However, the total of federal incentive payments and state supplemental funding was limited to \$12,340,000, with state supplemental payments capped at \$5,690,000. The state incentive payments were 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 was 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 Act 20, it is estimated that the state will receive \$12.9 million in 2007-08 and \$12.4 million in 2008-09 in federal incentive payments. The state also received federal child support matching funds until October 1, 2007. More detailed information on the funding adjustments included in the act is provided below.

Funding for Child Support State Operations

State Share of Federal Incentive Payments. Decrease funding by \$2,068,800 FED in 2007-08 and \$1,808,400 FED in 2008-09 for the state's share of federal incentive payments. The state share of federal incentive payments is estimated at \$536,300 in 2007-08 and \$796,700 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 will help offset the reduction in federal funds for state operations.

Federal Match on State Child Support Expenditures. Decrease funding by \$2,641,100 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 Act 20, the federal matching funds on state child support expenditures are estimated at \$14,014,400 in 2007-08 and \$13,259,300 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 will 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, is estimated at \$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 are estimated at \$35,199,100 in 2007-08 and \$34,374,200 in 2008-09.

Distribution of Incentive Payments to Counties. Provide, in the Joint Committee on Finance's program supplements appropriation, \$2,750,000 GPR in 2007-08 and \$5,500,000 GPR in 2008-09 for state supplemental incentive payments to partially offset the reduction in federal funds if federal legislation is not passed to restore the ability of states to claim federal matching funds on child support enforcement expenditures funded with federal incentive payments. As noted, DWD could 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.

Act 20 removed 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 act caps 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 act then caps 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.

However, the act also specifies 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. If federal legislation reinstates the matching federal funds, then the statutory changes under the act regarding the distribution of incentive payments to counties would be repealed and prior law regarding the distribution of incentive payments to counties would be reinstated effective on the date stated in the notice in the Wisconsin Administrative Register.

In addition, the act deleted child support assigned to the state as a revenue source for state incentive payments. Instead, the act created a continuing GPR appropriation to distribute state child support incentive payments.

[Act 20 Sections: 449, 450d, 459, 460d, 1473, 1474d thru 1476g, and 9454(3p)]

3. INCREASE THE CENTRALIZED RECEIPT AND DISBURSEMENT FEE

PR	\$5,209,600
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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 prior law, CR&D fee revenue was estimated at \$7,185,700 annually. With the fee increase from \$35 to \$65, estimated CR&D fee revenue will 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

PR	\$4,125,000
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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 will be used for state operations of the child support enforcement program.

Act 20 requires DWD, or its designee, to collect the fee from all custodial parents who receive support payments as a result of contact with the child support enforcement program. Act 20 also authorizes DWD, or its designee, to deduct the fee from maintenance, child or family support, or arrearage payments.

This provision will take effect on January 1, 2008.

[Act 20 Sections: 455, 3733, 3737, and 9454(2)]

5. FEDERAL SHARE OF ASSIGNED CHILD SUPPORT COLLECTIONS

PR	-\$1,466,600
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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

SEG	\$345,600
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Increase expenditure authority by \$271,800 in 2007-08 and \$73,800 in 2008-09 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 \$393,400 in 2007-08 and \$195,400 in 2008-09.

7. REVENUE FROM UNCLAIMED PAYMENTS

SEG	\$416,000
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Increase expenditure authority by \$446,800 in 2007-08 and reduce expenditure authority by \$30,800 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 \$946,800 in 2007-08 and \$469,200 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.

8. INTERSTATE CHILD SUPPORT ENFORCEMENT

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 state 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, Act 20 expands current law to include liens in favor of other states. The act defines "lien" as a lien in favor of DWD or a lien in favor of another state based on a support obligation. The act also specifies the notice procedures that DWD must follow if the lien is in favor of another state. The notice sent by DWD to the financial institution must 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 act specifies 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 act authorizes a financial institution to assess collection fees for liens that are in favor of another state.

[Act 20 Sections: 1706 thru 1709]

9. PAYMENT OF VITAL RECORDS FEES AFTER PATERNITY JUDGMENTS

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 must pay the fee and not require the county or child support agency to reimburse it for the cost. This provision first applies with reports of determinations of paternity filed with the state registrar on the act'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

LEGISLATIVE FISCAL BUREAU BUDGET ISSUE PAPERS

LEGISLATIVE FISCAL BUREAU

2007-09 Budget Papers

Paper

Administration -- General Agency Provisions

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- 101 Division of Energy Position Realignment and Administrative Expenses for Low-Income Energy Assistance
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