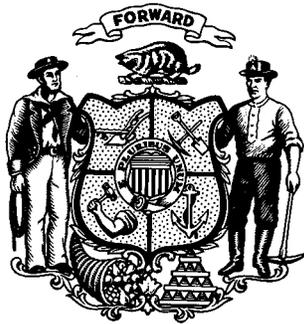


Comparative Summary of Budget Recommendations

2009 Act 28

Volume II



Legislative Fiscal Bureau
October, 2009

2009-11 Wisconsin State Budget

2009-11 WISCONSIN STATE BUDGET

Comparative Summary of Budget Provisions

Enacted as 2009 Act 28

Volume II

LEGISLATIVE FISCAL BUREAU

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

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STATE AGENCY BUDGET SUMMARIES

Higher Educational Aids Board

Through Workforce Development

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$254,465,000	\$280,519,500	\$268,105,900	\$268,105,900	\$268,105,900	\$13,640,900	5.4%
FED	2,709,000	2,867,200	2,867,200	2,867,200	2,867,200	158,200	5.8
PR	<u>2,425,200</u>	<u>27,426,700</u>	<u>19,704,200</u>	<u>19,704,200</u>	<u>19,704,200</u>	<u>17,279,000</u>	712.5
TOTAL	\$259,599,200	\$310,813,400	\$290,677,300	\$290,677,300	\$290,677,300	\$31,078,100	12.0%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
GPR	10.50	10.50	10.50	10.50	10.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$73,800
-----	----------

Governor/Legislature: Adjust the base budget by \$36,900 annually for: (a) full funding of salaries and fringe benefits (\$33,400); and (b) full funding of leases (\$3,500).

2. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

GPR	- \$21,800
-----	------------

Joint Finance/Legislature: Delete \$10,900 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

3. STATE EMPLOYEE FURLOUGH

GPR	- \$33,200
-----	------------

Joint Finance/Legislature: Delete \$16,600 annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium.

4. BASE BUDGET REDUCTION

GPR	- \$36,000
-----	------------

Governor/Legislature: Delete \$18,000 annually from supplies and services funding under HEAB's general program operations appropriation. The adjusted base for this appropriation is \$927,500.

5. ACROSS-THE-BOARD 1% REDUCTIONS

GPR	- \$291,800
PR	- 15,800
Total	- \$307,600

Governor/Legislature: Delete \$145,900 GPR and \$7,900 PR annually as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions by appropriation are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Remission of fees for veterans and dependents	\$6,562,300	-\$65,600
GPR	Talent incentive grants	4,503,800	-45,000
GPR	Dental education contract	1,400,400	-14,000
GPR	General program operations	927,500	-9,200
GPR	Nursing student loan program	450,000	-4,500
GPR	Teacher education loan program	275,000	-2,800
GPR	Minority teacher loans	262,100	-2,600
GPR	Handicapped student grants	123,800	-1,200
GPR	Loan program for teachers and instructors of visually impaired	100,000	-1,000
PR	Indian student assistance	787,600	-7,900

6. AGENCY 5.135% BUDGET REDUCTIONS

GPR	- \$95,200
PR	- 200
Total	- \$95,400

Joint Finance/Legislature: Delete \$47,700 annually relating to increased agency across-the-board reductions. The reductions include \$47,600 GPR and \$100 PR annually. The reductions are generally equivalent to 5.135% of base level funding. Annual reduction amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$927,500	-\$47,600
PR	Student interest payments	1,000	-100

7. WHEG-UW PROGRAM FUNDING [LFB Paper 465]

	<u>Governor (Chg. to Base)</u>	<u>Jt. Finance/Leg. (Chg. to Gov)</u>	<u>Net Change</u>
GPR	- \$486,100	- \$13,418,500	- \$13,904,600
PR	<u>25,000,000</u>	<u>- 7,750,000</u>	<u>17,250,000</u>
Total	\$24,513,900	- \$21,168,500	\$3,345,400

Governor: Reduce GPR funding for the Wisconsin higher educational grant program for UW students (WHEG-UW) by \$16,975,800 in 2009-10 and increase GPR funding for WHEG-

UW by \$16,489,700 in 2010-11. Provide \$25,000,000 PR in 2009-10 funded with moneys drawn from the UW System's auxiliary enterprises appropriation in a new annual appropriation to supplement grants provided by the WHEG-UW program. Repeal the new PR appropriation and related language and delete the transfer requirement under the UW System's auxiliary enterprises appropriation and the reference to multiple WHEG-UW appropriations on July 1, 2010. Total funding for the WHEG-UW program would increase from \$55,000,000 in 2008-09 to \$63,024,200 in 2009-10 (14.6%) and \$71,489,700 in 2010-11 (13.4%), as shown in the following table.

	<u>2008-09 Base</u>	<u>2009-10</u>	<u>2010-11</u>
GPR	\$55,000,000	\$38,024,200	\$71,489,700
PR	<u>0</u>	<u>25,000,000</u>	<u>0</u>
Total	\$55,000,000	\$63,024,200	\$71,489,700
Change to Prior Year			
Amount		\$8,024,200	\$8,465,500
Percent		14.6%	13.4%

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 as calculated by the Board of Regents. If the linkage, which is not modified by the bill, remains unchanged, GPR funding for WHEG-UW would need to increase by 5.5% in each year, or \$3,025,000 in 2009-10 and \$6,216,400 in 2010-11. In order to realize the GPR reduction identified in the bill, the bill would need to be modified to delete or suspend this linkage.

Supplemental funding for the WHEG-UW grants program would be provided through transfers from the UW System's auxiliary enterprise appropriation. As part of its operations, each UW System campus administers auxiliary enterprises, which are non-instructional facilities that provide services to students. These operations, including residence halls, dining halls, parking, and bookstores, are self-supporting through user fees, merchandise sales, and interest earnings. Other non-instructional activities, such as student government, student health services, transportation, student unions, and intercollegiate athletics, are funded, at least in part, through segregated fees assessed to all students which are also included under the UW System's auxiliary reserve appropriation. Under current law, funding for auxiliary reserves is provided in a continuing appropriation with adjusted base funding of \$533,659,300 in 2008-09.

Joint Finance/Legislature: Reduce funding by \$274,200 GPR and \$7,750,000 PR in 2009-10 and by \$13,144,300 GPR in 2010-11. Total program funding would be \$55,000,000 in 2009-10 and \$58,345,400 in 2010-11. This would maintain base level funding for the program in 2009-10 and increase funding by 6.1% in 2010-11. In addition, modify current law to suspend the link between funding for WHEG-UW and average increases in UW resident undergraduate tuition for the 2009-11 biennium. For the purpose of calculating future WHEG-UW appropriation increases, set the statutory base funding reference at \$58,345,400, which would be the amount of funding provided for the program in 2010-11 in Act 28.

[Act 28 Sections: 230v, 232, 233, 254, 255, 760g thru 762, and 9423(1)]

8. TUITION GRANT PROGRAM [LFB Paper 465]

GPR	\$1,053,600
-----	-------------

Governor/Legislature: Provide \$260,800 in 2009-10 and \$792,800 in 2010-11 to increase funding for the tuition grant program for private college students by 1% in 2009-10 and 2% in 2010-11. Total funding would increase from \$26,077,500 in 2008-09 to \$26,338,300 in 2009-10 and \$26,870,300 in 2010-11. The tuition grant program provides need-based funds to Wisconsin resident undergraduates enrolled at least half-time in an accredited, private, nonprofit post-secondary institution in Wisconsin.

9. WHEG FUNDING FOR TECHNICAL COLLEGE STUDENTS [LFB Paper 465]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$709,000	\$1,155,100	\$1,864,100

Governor: Provide \$175,500 in 2009-10 and \$533,500 in 2010-11 to increase funding for the Wisconsin higher education grant program for technical college students (WHEG-TCS) by 1% in 2009-10 and 2% in 2010-11. Total funding would increase from \$17,548,000 in 2008-09 to \$17,723,500 in 2009-10 and \$18,081,500 in 2010-11. WHEG-TCS provides need-based funds to Wisconsin resident undergraduates enrolled at least half-time in accredited, Wisconsin technical college system institutions.

Joint Finance/Legislature: Increase funding by \$438,700 in 2009-10 and by \$716,400 in 2010-11 to provide funding increases of 3.5% annually. Total funding would increase from \$17,548,000 in 2008-09 to \$18,162,200 in 2009-10 and \$18,797,900 in 2010-11.

10. WHEG FUNDING FOR TRIBAL COLLEGE STUDENTS [LFB Paper 465]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$17,300	\$27,700	\$45,000

Governor: Provide \$4,300 in 2009-10 and \$13,000 in 2010-11 to increase funding for the Wisconsin higher education grants (WHEG) program for tribal colleges students by 1% in 2009-10 and 2% in 2010-11. Total program funding would increase from \$424,000 in 2008-09 to \$428,300 in 2009-10 and \$437,000 in 2010-11. The WHEG program for tribal colleges students is funded by tribal gaming revenues.

Joint Finance/Legislature: Increase funding by \$10,500 in 2009-10 and \$17,200 PR in 2010-11 to provide funding increases of 3.5% annually. Total funding would increase from \$424,000 in 2008-09 to \$438,800 in 2009-10 and \$454,200 in 2010-11.

11. WHEG MAXIMUM GRANT [LFB Paper 466]

Governor: Delete the maximum grant amount shown in the statutes and authorize the Higher Education Aids Board (HEAB) to establish the maximum grant award for the Wisconsin higher education grant (WHEG) program. Permit HEAB to increase the maximum grant award only if it determines, to the best of its ability, that increasing the maximum grant award would not decrease the total number of students receiving grants in the current year from the number of students who received grants in the previous academic year. Specify that this provision would first apply to WHEG grants awarded for the 2009-10 academic year.

Under current law, the maximum annual grant award under the WHEG program is statutorily set at \$3,000.

Joint Finance/Legislature: Delete provision and, instead, increase the maximum grant amount shown in the statutes from \$3,000 under current law to \$3,150.

[Act 28 Section: 760d]

12. WISCONSIN COVENANT SCHOLARS GRANTS FUNDING [LFB Paper 467]

GPR	\$25,000,000
GPR-Lapse	<u>25,000,000</u>
Net GPR Effect	\$0

Governor/Legislature: Provide \$25,000,000 in 2010-11 for Wisconsin covenant scholars grants in an annual appropriation created for this purpose in 2007 Act 20. Beginning in the spring of 2007, Wisconsin resident students enrolled in the eighth grade have been invited to sign the Wisconsin covenant pledge. The first Wisconsin covenant scholars are expected to graduate in the spring of 2011 and enroll in higher education during the 2011-12 academic year. According to executive budget documents, the purpose of this funding is to establish a base level of funding for the Wisconsin covenant scholars grant program. In its general fund condition statement, DOA includes \$25 million in 2010-11 as lapses from this funding, so it is projected that no moneys would be expended for these grants in the 2009-11 biennium.

13. WISCONSIN COVENANT GRANTS PROGRAM ADMINISTRATION [LFB Paper 467]

Governor/Legislature: Specify that the Higher Educational Aids Board (HEAB) would administer the Wisconsin covenant grant program with the assistance of the Office of the Wisconsin Covenant Scholars Program (OWCSP) in the Department of the Administration (DOA). Under current law, the grant program is administered solely by HEAB. In addition, modify grant eligibility such that only students who have been designated as Wisconsin covenant scholars by OWCSP would be eligible for grants. Specify that this requirement would first apply to students who enroll in public or private, nonprofit, accredited, institutions of higher education or in a tribally- controlled college in this state in the 2011-12 academic year.

Modify current law so that the information on tuition or fees required to be reported by the UW Board of Regents, the Wisconsin Technical College System (WTCS) Board, and each

tribally-controlled college located in this state would be submitted to OWCSF instead of to HEAB as under current law. In addition, require the Wisconsin Association of Independent Colleges and Universities (WAICU) or its successor to provide information related to the tuition and fees charged by each private, nonprofit, accredited institution of higher education in this state in the current year to OWCSF.

Modify current law to require OWCSF, instead of HEAB as under current law, to determine by April 1 of each year the average resident undergraduate tuition charged by institutions in the UW System, the average fees charged by the Wisconsin technical colleges, and the average tuition and fees charged by tribally controlled colleges located in this state for the current academic year. In addition, require OWCSF to determine by April 1 of each year the average tuition and fees charged by private, nonprofit, accredited institutions of higher education in this state in the current academic year.

Require that the Department of Public Instruction, to the extent permitted under federal law, to provide pupil information to OWCSF as necessary for the office to fulfill its role in the administration of the Wisconsin covenant scholars grant program.

Modify current law to require DOA, instead of HEAB as under current law, to promulgate rules to implement the Wisconsin covenant scholars grant program. Require DOA to promulgate rules establishing criteria for designation as a Wisconsin covenant scholar by OWCSF. Delete the current requirement that HEAB submit proposed rules related to the implementation of the Wisconsin covenant scholars grant program to Legislative Council staff no later than April 1, 2009. Replace this provision with one that would require DOA to promulgate rules to implement the Wisconsin covenant scholars grants program. Require DOA to submit these rules in proposed form to Legislative Council staff no later than the first day of the twelfth month beginning after the effective date of the bill. In addition, delete current law that specifies that HEAB may promulgate emergency rules for the period before the effective date of the permanent rules without a finding of an emergency. Replace this provision with one specifying that DOA could promulgate emergency rules for the period before the effective date of its permanent rules without any finding of emergency.

[Act 28 Sections: 763 thru 770, 3411, 9101(5), and 9301(2)]

14. MINORITY UNDERGRADUATE RETENTION GRANTS [LFB
Paper 468]

GPR	\$32,000
-----	----------

Governor/Legislature: Provide \$7,900 in 2009-10 and \$24,100 in 2010-11 to increase funding for the minority undergraduate retention grant program by 1% in 2009-10 and 2% in 2010-11. Total funding would increase from \$794,900 in 2008-09 to \$802,800 in 2009-10 and \$819,000 in 2010-11. 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.

15. REESTIMATE FEDERAL REVENUES

FED	\$158,200
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Governor/Legislature: Reestimate federal revenues by \$79,100 annually. Base level funding for this appropriation is \$1,354,500.

16. REIMBURSEMENTS TO VETERANS AND CERTAIN DEPENDENTS

Governor: Authorize HEAB to reimburse veterans and certain dependents if using educational benefits provided by the Post-9/11 G.I. Bill to pay tuition and fees at UW System institutions and Wisconsin technical colleges would reduce the amount of federal educational assistance, excluding assistance for tuition, received by the veteran or dependent. Specify that reimbursements to veterans and dependents be made from an existing appropriation under HEAB for the reimbursement of the UW System and technical college district boards for a portion of tuition and fees remitted to students who are veterans and certain dependents. Funding for this appropriation would be \$6,496,700 GPR annually under the bill. [See "University of Wisconsin System" and "Wisconsin Technical College System."]

Assembly: Specify that students who are eligible for educational assistance under the Post-9/11 G.I. Bill and the Montgomery G.I. Bill, the Montgomery G.I. Bill for selected reserve members, the Reserve Educational Assistance Program, or the Survivors' and Dependents' Educational Assistance Program would be eligible for reimbursement payments from HEAB.

Specify that HEAB reimburse students in June of each academic year. If the total amount of reimbursements due to students exceeds the amount of available funding, authorize HEAB to prorate the payments to the students. Specify that if payments from HEAB to the students are prorated, then the UW System Board of Regents would make payments to students who were enrolled at UW institutions and each technical college district board would make payments to students who were enrolled in each technical college equal to the difference in that amount of reimbursement required under this provision and the amount of reimbursement paid by HEAB.

In addition, specify that these provisions would take effect on January 1, 2010, and would first apply to students enrolled in the spring, 2010, semester.

Conference Committee/Legislature: Specify that these provisions would take effect on August 15, 2009, and would first apply to students who enroll in the fall, 2009, semester.

Veto by Governor [B-9]: Delete the reference to an academic year for the purpose of calculating the amount of reimbursement payment and delete the references to June for the reimbursement of students and the determination of the total amount of reimbursement payments.

[Act 28 Sections: 231, 745f, 747f, 754f, 756f, 770k, 9323(1q)(a), and 9423(1q)(a)]

[Act 28 Vetoed Sections: 745f, 747f, 754f, 756f, and 770k]

17. DOA APPROVAL FOR EXPENDITURE OF CERTAIN FEDERAL STIMULUS FUNDS
[LFB Paper 610]

Governor: Require the Higher Educational Aids Board (HEAB) to obtain the approval of the Department of Administration before expending any federal economic stimulus funds for any higher education capital or modernization project. Specify that this restriction would apply to federal moneys that are transferred to HEAB by the Secretary of Administration under a separate provision of the bill relating to program supplements. [See "Program Supplements."]

Joint Finance/Legislature: Delete provision.

HISTORICAL SOCIETY

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$29,871,400	\$28,388,100	\$27,716,900	\$27,716,900	\$27,716,900	-\$2,154,500	- 7.2%
FED	2,397,400	2,427,000	2,433,000	2,433,000	2,433,000	35,600	1.5
PR	5,801,800	5,826,500	6,006,100	6,006,100	6,006,100	204,300	3.5
SEG	<u>8,019,800</u>	<u>7,670,200</u>	<u>7,788,800</u>	<u>7,788,800</u>	<u>7,788,800</u>	<u>- 231,000</u>	<u>- 2.9</u>
TOTAL	\$46,090,400	\$44,311,800	\$43,944,800	\$43,944,800	\$43,944,800	-\$2,145,600	- 4.7%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	106.15	106.15	106.15	106.15	106.15	0.00
FED	6.36	6.36	6.36	6.36	6.36	0.00
PR	17.50	16.50	16.50	16.50	16.50	- 1.00
SEG	<u>13.53</u>	<u>13.53</u>	<u>13.53</u>	<u>13.53</u>	<u>13.53</u>	<u>0.00</u>
TOTAL	143.54	142.54	142.54	142.54	142.54	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 475]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$1,136,100	0.00	\$0	0.00	-\$1,136,100	0.00
FED	29,600	0.00	45,000	0.00	74,600	0.00
PR	- 13,200	- 1.00	450,800	0.00	437,600	- 1.00
SEG	<u>- 269,400</u>	<u>0.00</u>	<u>127,400</u>	<u>0.00</u>	<u>- 142,000</u>	<u>0.00</u>
Total	-\$1,389,100	- 1.00	\$623,200	0.00	-\$765,900	- 1.00

Governor: Adjust the base budget for the following: (a) turnover reduction (-\$176,100 GPR annually); (b) remove noncontinuing elements from the base (-\$147,600 GPR annually and -\$38,100 PR in 2009-10 and -\$50,900 PR and -1.0 PR position in 2010-11); (c) full funding of

salaries and fringe benefits (-\$267,900 GPR, \$14,800 FED, \$37,900 PR, and -\$134,700 SEG annually); (d) overtime (\$7,500 GPR annually); (e) night and weekend differential (\$12,700 GPR annually); and (f) full funding of lease and directed move costs (\$2,200 GPR in 2009-10 and \$4,500 GPR in 2010-11).

Joint Finance/Legislature: Provide \$22,500 FED, \$225,400 PR, and \$63,700 SEG annually to fully fund continuing position fringe benefits.

2. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$147,200 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$125,900 GPR, \$7,700 FED, \$12,900 PR, and \$700 SEG.

GPR	- \$251,800
FED	- 15,400
PR	- 25,800
SEG	- 1,400
Total	- \$294,400

3. STATE EMPLOYEE FURLOUGH

Joint Finance/Legislature: Delete \$225,600 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$193,000 GPR, \$11,800 FED, \$19,700 PR, and \$1,100 SEG.

GPR	- \$386,000
FED	- 23,600
PR	- 39,400
SEG	- 2,200
Total	- \$451,200

4. ACROSS-THE-BOARD 1% REDUCTIONS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$230,800	\$0	- \$230,800
PR	- 53,600	6,800	- 46,800
SEG	- 80,200	0	- 80,200
Total	- \$364,600	\$6,800	- \$357,800

Governor: Delete \$115,400 GPR, \$26,800 PR, and \$40,100 SEG annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$11,447,500	- \$114,500
GPR	Wisconsin Black Historical Society	90,000	-900
PR	Gifts, grants, and membership sales	339,400	-3,400*
PR	Northern great lakes center	266,600	-2,700
PR	Gen. program operations; service funds	1,808,600	-18,100
PR	Records management; service funds	262,100	-2,600
SEG	Endowment principal	621,800	-6,200
SEG	History preservation trust fund	3,338,000	-33,400
SEG	Northern great lakes center; programming	50,100	-500

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Restore \$3,400 PR annually to the gifts, grants, and membership sales appropriation.

5. ADDITIONAL 5% REDUCTIONS [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,153,800	\$1,153,800	\$0

Governor: Delete \$576,900 annually, as part of an across-the-board 5% reduction in certain GPR appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$11,447,500	-\$572,400
GPR	Wisconsin Black historical society	90,000	-4,500

Joint Finance/Legislature: Delete provision.

6. AGENCY 5.135% BUDGET REDUCTIONS

GPR	- \$ 1,273,400
PR	- 212,800
SEG	- 5,200
Total	- \$1,491,400

Joint Finance/Legislature: Delete \$745,700 (all funds) annually relating to increased agency across-the-board reductions. The reductions are equivalent to 5.135% of base level funding. The reductions include \$636,700 GPR, \$106,400 PR, and \$2,600 SEG. Annual reduction amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$11,447,500	-\$587,800
GPR	Wisconsin black historical society and museum	90,000	-4,600
GPR	Energy costs	862,200	-44,300
PR	General program operations - service funds	1,808,600	-92,900
PR	Records management--service funds	262,100	-13,500
SEG	Northern great lakes center; interpretive programming	50,100	-2,600

7. FUEL AND UTILITIES REESTIMATE

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$690,400	\$86,200	\$776,600

Governor: Provide \$329,100 in 2009-10 and \$361,300 in 2010-11 for fuel and utility expenses. Increased funding reflects projected fuel and utility costs in the 2009-11 biennium. Annual base level funding is \$714,600, after one-time funding is deleted under standard budget adjustments.

Joint Finance/Legislature: Provide an additional \$43,100 annually to restore a 5% reduction to base level funding.

8. CIRCUS WORLD FUEL AND UTILITIES

GPR	\$295,200
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Governor/Legislature: Provide \$147,600 annually for fuel and utility payments for the Circus World Museum. Funding for this purpose was provided under 2007 Act 20 on a one-time basis. The recommendation would extend this funding at the same level that was provided in 2008-09.

9. STORAGE FACILITY

GPR	\$209,900
PR	207,500
Total	\$417,400

Governor/Legislature: Provide \$122,400 GPR and \$121,200 PR in 2009-10, and \$87,500 GPR and \$86,300 PR in 2010-11, above base level funding of \$127,600 GPR and \$127,600 PR, for preparing and moving collections to the new storage facility for the collections of the Historical Society. The program revenue is for an existing appropriation created for this purpose and is funded from Indian gaming receipts. Also, convert the PR appropriation from an annual appropriation to a biennial appropriation. Under current law, the unencumbered balance of the appropriation reverts to the Indian gaming receipts appropriation in DOA on June 30 of each fiscal year. The change would allow the unencumbered balance to revert to the DOA appropriation on June 30 of each odd-numbered year.

[Act 28 Section: 235]

10. DEBT SERVICE REESTIMATE

GPR	- \$158,100
PR	- 116,000
Total	-\$274,100

Governor/Legislature: Reestimate debt service by -\$404,100 GPR and -\$44,500 PR in 2009-10 and \$246,000 GPR and -\$71,500 PR in 2010-11. Base level funding for debt service is \$2,536,000 GPR and \$96,600 PR.

INSURANCE

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
PR	\$32,310,000	\$35,915,800	\$32,750,900	\$32,750,900	\$32,750,900	\$440,900	1.4%
SEG	<u>176,097,600</u>	<u>174,645,800</u>	<u>174,551,400</u>	<u>174,551,400</u>	<u>174,551,400</u>	<u>- 1,546,200</u>	- 0.9
TOTAL	\$208,407,600	\$210,561,600	\$207,302,300	\$207,302,300	\$207,302,300	- \$1,105,300	- 0.5%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
PR	120.25	123.25	131.25	131.25	131.25	11.00
SEG	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>0.00</u>
TOTAL	133.00	136.00	144.00	144.00	144.00	11.00

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 480]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$1,591,400	- \$419,800	\$1,171,600
SEG	<u>158,000</u>	<u>0</u>	<u>158,000</u>
Total	\$1,749,400	- \$419,800	\$1,329,600

Governor: Provide \$874,700 (\$795,700 PR and \$79,000 SEG) annually to adjust the Office of the Commissioner of Insurance (OCI) base budget for: (a) full funding of continuing salaries and fringe benefits (\$680,500 PR and \$73,600 SEG annually); and (b) full funding of lease increases (\$115,200 PR and \$5,400 SEG annually). The administration exempted OCI from the

turnover reduction that would have otherwise been included in this item (-\$209,900 PR annually) in order to provide the agency with additional flexibility in meeting workload needs.

Joint Finance/Legislature: Reduce funding by \$209,900 PR annually to apply the standard budget adjustment for turnover reduction to the agency's PR-funded general program operations appropriation.

2. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

PR	- \$330,800
SEG	- 37,200
Total	- \$368,000

Joint Finance/Legislature: Delete \$184,000 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$165,400 PR and \$18,600 SEG.

3. STATE EMPLOYEE FURLOUGH

PR	- \$507,000
SEG	- 57,200
Total	- \$564,200

Joint Finance/Legislature: Delete \$282,100 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$253,500 PR and \$28,600 SEG.

4. ACROSS-THE-BOARD 1% REDUCTIONS [LFB Paper 481]

PR	- \$323,200
SEG	- 1,761,000
Total	- \$2,084,200

Governor: Delete \$161,600 PR and \$880,500 SEG, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below.

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Agency General Program Operations	\$16,155,000	-\$161,600*
	Injured Patients and Families Compensation Fund		
SEG	Administration	1,193,000	-11,900*
SEG	Peer Review Council	138,000	-1,400*
SEG	Claims Payments	54,697,400	-547,000
	Local Government Property Insurance Fund		
SEG	Administration	901,500	-9,000*
SEG	Claims Payments	26,926,600	-269,300
	State Life Insurance Fund		
SEG	Administration	628,300	-35,000
SEG	Claims Payments	<u>3,564,000</u>	<u>-6,200*</u>
Total		\$104,203,800	-\$1,042,100

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Increase funding for administration of the state life insurance fund by \$29,300 SEG annually, and decrease funding for benefits paid from the state life insurance fund by \$29,300 SEG annually, to accurately implement the 1% across-the-board reduction.

5. AGENCY 5.135% BUDGET REDUCTIONS

PR	- \$1,659,200
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Joint Finance/Legislature: Delete \$829,600 PR annually relating to increased agency across-the-board reductions. The reductions are equivalent to 5.135% of base level funding.

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	General program operations	\$16,155,000	-\$829,600

6. MAINTAIN SUPPORT FOR ELDERLY BENEFIT SPECIALISTS

PR	\$1,200,000
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Governor/Legislature: Provide \$600,000 annually to maintain current funding from insurance fee revenue to support the elderly benefit specialist services program in the 2009-11 biennium. The Department of Health Services (DHS) allocates these funds (with GPR and federal funds the state receives under the Older Americans Act) to area agencies on aging to support benefit specialist services in each county. These specialists provide Wisconsin residents over 60 years of age with information, advice and assistance relating to available benefits and services.

The 2005-07 biennial budget act provided \$600,000 in 2006-07 in one-time funding to increase state support for the program. Pursuant to s. 16.515 of the statutes, the Joint Committee on Finance approved supplemental funding of \$600,000 in 2007-08 and \$600,000 in 2008-09 for the program. However, as the funding supplements were provided on a one-time basis, the OCI base budget does not include this funding. The bill would provide annual funding on a permanent basis for this program.

7. SUPPORT FOR MEDIGAP HELPLINE [LFB Paper 166]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$0	\$138,300	\$138,300
PR	\$241,100	-\$138,300	\$102,800

Governor: Provide \$113,500 in 2009-10 and \$127,600 in 2010-11 to increase the amount of funding OCI transfers to the Board on Aging and Long-Term Care (BOALTC) to support the Medigap Helpline, which provides insurance information to elderly citizens. Base funding for the Helpline is \$443,700 PR.

Joint Finance/Legislature: Reduce funding by \$62,100 in 2009-10 and by \$76,200 in 2010-11 to reflect the Committee's action to delete additional funding the Governor recommended to support additional staff for the Medigap Helpline. Instead, lapse these funds to the general fund, in addition to revenue OCI will collect from increases in insurance agent appointment fees (\$11,316,000 annually, Item #12).

[Act 28 Section: 9226(1d)]

8. FINANCIAL EXAMINER TRAVEL COSTS

PR	\$167,900
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Governor/Legislature: Provide \$167,900 in 2010-11 to fund increases in travel costs for on-site financial examinations of domestic insurers. Some domestic insurers subject to OCI financial oversight are located outside of Wisconsin. OCI anticipates that an increase in the number of domestic insurers located out-of-state will lead to increased travel costs for financial examiners in 2010-11. OCI currently budgets \$364,300 annually for examinations, but anticipates expending \$532,200 for these costs in 2010-11, based on its current examination schedule.

9. WORKFORCE PLANNING -- DOUBLE STAFFING

SEG	\$135,200
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Governor/Legislature: Provide \$67,600 annually to fund double staffing for training purposes due to expected position retirements, so that new employees can be trained before the current employees retire. This item would provide ongoing funding that would enable OCI to double staff for positions that assist in the administration of the injured patients and families compensation fund (\$17,100), the local government property insurance fund (\$29,000), and the state life insurance fund (\$21,500).

10. PAY PLAN PROGRESSION ADJUSTMENTS

PR	\$46,300
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Governor/Legislature: Provide \$20,900 in 2009-10 and \$25,400 in 2010-11 for pay plan adjustments for financial examiners that were negotiated through the collective bargaining process. These adjustments reflect hourly pay increases to certain insurance financial examiners, based on state service seniority date.

11. LAB AUDIT OF IPFC FUND

SEG	\$16,000
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Governor/Legislature: Provide \$16,000 in 2009-10 to fully fund the cost of a Legislative Audit Bureau (LAB) audit of the injured patients and families compensation fund. Under Government Accounting Standards Board regulations, the fund is now classified as a major fund, and must be audited every year. An extensive audit must be conducted every three years. The LAB last conducted an extensive audit in 2006-07, and will conduct another extensive audit in 2009-10. The 2006-07 audit cost \$78,000, and the 2009-10 is expected to cost approximately

the same amount. This item would partially fund the estimated cost of the audit; the balance (\$62,000) would be supported with base funds.

12. INSURANCE AGENT APPOINTMENT FEES

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
PR-REV	\$2,437,400	\$21,697,800	\$3,448,800	\$27,584,000
GPR-REV	0	21,697,800	3,448,800	25,146,600

Governor: Repeal the statutory limits on fees insurance companies pay for appointments of insurance agents who sell policies on their behalf (\$8 for resident agents and \$24 for non-resident agents), and specify that the fees would be paid at times and under procedures set by the Commissioner. Replace statutory references to "listing" fees to "appointment" fees. These changes would first apply to fees for appointments and renewals of appointments paid after December 31, 2009.

Under current law, the Commissioner may establish these fees by administrative rule, up to the statutory maximum. Under current rules, the fees are \$7 for resident agents and \$24 for nonresident agents. Every insurer must pay an annual fee for each of its agents that conduct business in the state. Revenue from these fees, together with other insurance fees, is credited to a PR appropriation that supports OCI's general program operations.

If this provision is enacted, OCI intends to increase fees from \$7 to \$10 for resident agents, and from \$24 to \$30 for non-resident agents, effective for appointments and renewals made after December 31, 2009. The administration estimates that the fee increases that would be permitted under this statutory change would increase program revenues to the agency by \$1,218,700 annually.

Joint Finance: Modify the provision by establishing the fees in statute, so that, for appointments and renewals of appointments on or after the bill's general effective date, the fees would be established at \$14 annually for resident agents and \$48 annually for nonresident agents. However, authorize OCI to establish higher fees by rule.

It is estimated that the fee increase approved by the Joint Committee on Finance would increase revenue to OCI by \$10,848,900 annually. Since, under current law, 10% of all insurance fee revenue OCI collects is deposited to the general fund, this fee increase would result in an additional \$1,084,900 in GPR-earned revenues. Under this provision, OCI would be required to lapse the balance of the revenues generated by the fee increase (\$9,764,000 annually) to the general fund.

Assembly/Legislature: Modify the provision by increasing the statutory fees to \$16 annually for resident agents and \$50 annually for nonresident agents. Retain the Joint Finance provision that would permit OCI to establish higher fees through administrative rule.

It is estimated that this additional \$2 increase (compared to the fees set by Joint Finance) would increase revenue to OCI by \$1,724,400 annually. Since current law requires OCI to deposit 10% of all insurance fee revenue collected to the general fund, this fee increase results in an estimated additional \$172,400 in GPR-earned revenues. This provision also requires OCI to lapse the balance of the additional revenues generated by the fee increase (\$1,552,000 in each year of the biennium) to the general fund. In total, OCI would be required to lapse \$11,378,100 in 2009-10 and \$11,392,200 in 2010-11 to the general fund. These amounts include \$62,100 in 2009-10 and \$76,200 in 2010-11 that the Governor had recommended to increase staff support for the Medigap Helpline (Item #7).

[Act 28 Sections: 3135, 9226(1d), and 9326(1)]

13. MARKET CONDUCT REGULATION AND INFORMATION SERVICES STAFF

	Funding	Positions
PR	-\$109,800	8.00

Joint Finance/Legislature: Reduce funding by \$54,900 annually and provide 8.0 positions, beginning in 2009-10, to reflect the net fiscal effect of the following changes: (a) deleting \$630,200 annually that OCI currently uses to support contracted information services staff; and (b) providing \$575,300 annually to support 3.0 financial examiner positions for the Bureau of Market Regulation (\$158,700 annually) and 5.0 positions to provide information management services for the agency (\$416,600 annually).

14. CARE MANAGEMENT ORGANIZATIONS

	Funding	Positions
PR-REV	\$682,300	
PR	\$682,300	3.00

Governor/Legislature: Provide \$317,200 in 2009-10 and \$365,100 in 2010-11 to fund 3.0 financial examiner positions, beginning in 2009-10, to conduct financial examinations of care management organizations (CMOs) certified by, and contracted with, the Department of Health Services (DHS) for the Family Care program. Require CMOs to pay a reasonable estimate of the cost of conducting examinations, reviewing applications, and providing analysis and financial monitoring of CMOs. The funding includes support for the 3.0 additional positions in OCI (\$267,200 in 2009-10 and \$315,100 in 2010-11) and \$50,000 annually to fund DHS administrative costs. In addition, CMOs would be required to deposit at least \$250,000 with OCI to pay for the services for enrollees of an insolvent or financially hazardous CMO, or to pay the creditors of an insolvent CMO.

A CMO is an organization that develops and manages a network of long-term care services and support, either through contracts with providers, or by direct service provision by CMO employees. CMOs receive a per person per month payment to manage care for their members, who may be living in their own homes, group living situations, or nursing facilities. These services are provided to individuals who qualify for the Family Care program, which serves adults over 65 years of age, individuals with developmental disabilities, and individuals with physical disabilities (a total of 21,191 people as of February 1, 2009). DHS certifies and

contracts with CMOs for the provision of services under this program.

Modify OCI's general program operations appropriation to reflect these new responsibilities. Create two PR appropriations in DHS supported with funds transferred from OCI -- one to support arrangements for, or to pay expense related to, services for enrollees of an insolvent or financially hazardous care management organization, and one to fund DHS expenses related to financial certification, monitoring and assessment of care management organizations.

Create a new statutory chapter (Chapter 648), relating to the regulation of CMOs. These provisions are described below. The Commissioner would be required to consult with DHS when taking certain action described in the chapter.

Application for Permits. Require CMOs, by December 31, 2009, to obtain a permit from OCI to provide services to enrollees. In applying for a permit, require CMOs to provide: (a) the names, addresses and occupations of all controlling persons and directors and principal officers of the CMO currently and for the preceding 10 years, unless the Commissioner waives this requirement; (b) business organization documents, including articles and bylaws, if applicable; (c) a business plan approved by DHS, including a projection of the anticipated operating results at the end of each of the next three years of operation, based on reasonable estimates of income and operating expenses; and (d) any other relevant documents or information that the Commissioner reasonably requires after consulting with DHS.

Permit the Commissioner to issue a permit to the CMO if the Commissioner finds, after consulting with DHS, all of the following: (a) all requirements of law have been met; (b) all the directors and principal officers or any controlling person are trustworthy and competent and collectively have the competence and experience to engage in the proposed services and are not excluded from participation under federal laws relating to false statements and representations by health care providers; (c) the business plan is consistent with the interests of the CMOs enrollees and the public.

Suspensions and Revocations. Authorize the Commissioner to suspend or revoke a permit if the Commissioner finds that the permittee: (a) violated a law or rule, including standards for the financial condition of CMOs; (b) is in a financially hazardous condition; (c) is controlled or managed by persons who are incompetent or untrustworthy; (d) conceals records from the Commissioner; (e) has a business plan that is not in the public interest or is not prudent; or (f) ceases to be certified by, or maintain a contract with, DHS.

Powers and Duties of the Commissioner. Authorize the Commissioner to do any of the following: (a) promulgate rules that are necessary to carry out these provisions, including standards for the financial condition of CMOs; and (b) use its authority granted under other sections of the state's insurance law, including the authority to issue orders, to enforce these provisions, and to ensure that a CMO has sufficient financial resources.

Reports, Replies, and Accounting Methods. Authorize the Commissioner to require from any CMO any of the following: (a) statements, reports, answers to questionnaires, and other

information in whatever reasonable form the Commissioner designates and at such reasonable intervals as the Commissioner chooses, or from time to time; (b) full explanation of the programming of any data storage or communication system in use; (c) information from any books, records, electronic data processing systems, computers, or any other information storage system at any reasonable time in any reasonable manner; and (d) statements, reports, audits, or certification from a certified public accountant or an actuary approved by the Commissioner.

Authorize the Commissioner to prescribe forms for the reports and specify who must execute or certify such reports and to prescribe reasonable minimum standards and techniques of accounting and data handling to ensure the availability of timely and reliable information. Require any officer or manager of a CMO, any person controlling or having a contract to control a CMO, or any person with executive authority over or in charge of any segment of a CMO's affairs, to reply promptly in writing or in another designated form, to any written request from the Commissioner.

Authorize the Commissioner to require that any communication made to the Commissioner be verified. Provide that, in the absence of actual malice, no person would be subject to damages in an action for defamation based on a communication to the Commissioner under these provisions. Authorize the Commissioner to employ experts to assist in an examination or review of any transaction subject to approval. Require the CMO that is the subject of the examination, or that is a party to a transaction under review, including the person acquiring, controlling, or attempting to acquire the CMO, to pay the reasonable costs incurred by the Commissioner for the expert and related expenses.

Examinations. Authorize the Commissioner to inform himself or herself about a matter related to the enforcement of these provisions, and to examine the affairs and condition of any permittee. Provide that, so far as is reasonably necessary for an examination, the Commissioner may examine the accounts, records, or documents so far as they relate to the permittee, of any of the following: (a) an officer, manager, employee, or person who has executive authority over or is in charge of any segment of the permittee's affairs; (b) a person controlling or having a contract under which the person has the right to control the permittee; and (c) a person under the control of the permittee, or a person under the control of a person who controls or has a right to control the permittee. Require, on demand, every permittee to make available to the Commissioner for examination any of its own accounts, records, documents, or evidences of transactions. Upon an order of the Commissioner, require any examinee to bring to OCI such records as the order reasonably requires.

Audits, Evaluations and Alternatives to Examinations. In place of, or in addition to, an examination described above, the Commissioner could order an independent audit by certified public accountants or an evaluation by actuaries or other experts approved by the Commissioner. Any accountant, actuary, or other expert would be subject to rules respecting conflicts of interest promulgated by the Commissioner. Provide that any audit or evaluation would be subject to any applicable financial examination provisions.

In place of an examination under this section, the Commissioner could accept the report

of an audit already made by certified public accountants, an evaluation already made by actuaries or other experts approved by the Commissioner, or an examination made by another government agency in this state, the federal government, or another state.

Provide that an examination may, but need not, cover all aspects of the permittee's affairs and condition. The Commissioner would determine the nature and scope of each examination, taking into account all relevant factors, including the length of time the permittee has been doing business, the length of time the permittee has been certified by DHS, the nature of the business being examined, the available accounting records, and examinations performed elsewhere.

Conducting Examinations. For each examination, the Commissioner would issue an order stating the scope of the examination and designating the examiner in charge. Upon demand, a copy of the order would be provided to the examinee. Any authorized examiner would, for the purposes of the examination, have access at all reasonable hours to the premises and to any property of the examinee. The officers, employees, and agents of the examinee would be required to comply with every reasonable request of the examiners for assistance in any matter relating to the examination. No person could obstruct or interfere with the examination in any way other than by legal process.

If the Commissioner finds the accounts or records to be inadequate, the Commissioner could employ experts to rewrite, post, or balance the accounts or records at the expense of the permittee.

The examiner in charge would be required to make a proposed report of the examination, including any information and analysis ordered by the Commissioner, together with the examiner's recommendations. The preparation of the proposed report could include conferences with the examinee or the examinee's representatives at the option of the examiner in charge. The Commissioner would be required to serve the final examination report on the examinee. The permittee would be required to furnish copies of the final examination report to each member of its board or governing body. In any proceeding by or against the permittee or in any proceeding commenced under these provisions, the final examination report would be admissible as evidence of the facts stated in the report. In any proceeding by or against the examinee, the facts asserted in any final examination report properly admitted in evidence would be presumed to be true in the absence of contrary evidence.

Payment of Costs. Permittees would be required to annually pay the reasonable estimate of costs of examinations, review of applications, and analysis and financial monitoring, including overhead and fixed costs. Annually, the Commissioner would determine the estimated OCI and DHS costs and serve a request for payment on each permittee, allocating the cost to each permittee in an amount that reflects the permittee's proportionate share of projected enrollment in DHS's annual contracting period. The permittee would be required to pay the amount within 30 days of the request for payment.

Nondisclosure of Information. OCI could refuse to disclose and prevent any other person

from disclosing any testimony, reports, records, communication or information that OCI obtains, produces, or creates in the course of an inquiry or an examination or are obtained by OCI from any of the following, under a pledge of confidentiality or to assist in monitoring activities or any inquiry, investigation, or examination: (a) the National Association of Insurance Commissioners (NAIC); (b) an agent or employee of NAIC; (c) the Insurance Commissioner of another state; (d) an agent or employee of the Insurance Commissioner of another state; (e) an international, federal, state, or local regulatory or law enforcement agency.

Enforcement Procedures. Authorize the Commissioner to commence an action in circuit court to restrain by temporary or permanent injunction or by temporary restraining order any violation of these provisions, including any rules or orders. Provide that the Commissioner need not show irreparable harm or lack of an adequate remedy at law in an action it commences. Require the Commissioner to issue any orders under the procedures described in Chapter 601 of the statutes and to hold any hearings under the procedures described in that chapter.

Compulsive Forfeitures. Provide that, if a person does not comply with an order issued by OCI within two weeks after receiving notice of the intention to proceed under these provisions, the Commissioner could commence an action for a forfeiture not exceeding \$5,000 for each day that the violation continues until judgment is rendered. No forfeiture could be imposed if, at the time the action was commenced, the CMO was in compliance with the order, nor for any violation of an order occurring while any proceeding for judicial review of the order was pending, unless the court in which the proceeding was pending certifies that the claim of invalidity or nonapplicability of the order was frivolous or a sham. If, after judgment is rendered, the CMO does not comply with the order, the Commissioner could commence a new action for forfeiture and continue commencing actions until the person complies. The proceeds of all actions, after deduction of the expenses of collection, would be paid into the common school fund.

Forfeitures and Civil Penalties. Provide that whoever violates an order issued under these provisions must forfeit to the state twice the amount of any profit gained from the violation, in addition to any other forfeiture or penalty imposed. Further, provide that whoever violates an effective order would forfeit to the state not more than \$1,000 for each violation. Each day that the violation continues would be considered a separate offense.

Provide that a person who violates, intentionally aids in violating, or knowingly permits a person over whom he or she has authority to violate a statute or rule of the new chapter would forfeit to the state not more than \$1,000 for each violation. Provide that, if the section or rule violated imposes a duty to make a report to the Commissioner, each week of delay in complying with the duty would be a new violation.

The Commissioner could order any person to pay a forfeiture, which would be paid into the common school fund. If the order is issued without a hearing, the affected person could demand a hearing under procedures for requesting a hearing listed in Chapter 601. If the person fails to request a hearing, the order would be conclusive as to the person's liability.

Provide that the scope of review for forfeitures ordered would be those specified under Chapter 227. The Commissioner could commence an action to recover the forfeiture. Before an action is commenced, the Commissioner could agree to accept less than the full amount of the forfeiture.

Provide that whoever intentionally violates any provision or rule of the new chapter is guilty of a Class I felony, unless a specific penalty is provided elsewhere in the statutes.

Affiliates of Permittees. Current law defines an "affiliate" of a person as any other person who controls, is controlled by, or is under common control with, the first person. A corporation is an affiliate of another corporation if substantially the same group of persons manages the two corporations, regardless of ownership. Require a permittee and a person attempting to acquire or having control of a permittee, to report to the Commissioner the information concerning the permittee, its affiliates, and the person attempting to acquire control of the permittee that the Commissioner requires by rule. Permit the Commissioner to promulgate rules prescribing the timing, form and procedure for filing reports. The permittee could report on behalf of all affiliated entities if it provides all the information that would be required if each affiliate reported separately.

Require every permittee to promptly submit to the Commissioner a statement that all affiliates agree to be subject to the jurisdiction of the Commissioner and the courts for the purposes of the new chapter. A governmental unit would not be subject to this requirement. The Commissioner could exempt other affiliates from this provision.

Permit the Commissioner to require any permittee or any person attempting to acquire or having control of the permittee, to report information to the Commissioner.

No transaction between a permittee and affiliate would be allowed unless all of the following apply: (a) the transaction is reasonable and fair to the interests of the permittee; (b) the books, accounts, and records of each party to the transaction clearly and accurately disclose the nature and details of the transaction and, in accordance with generally accepted accounting principles, permit ascertainment of charges relating to the transaction; (c) the permittee's financial condition following any dividends or distributions to shareholders is reasonable in relation to the permittee's outstanding liabilities and is adequate to its financial needs; and (d) the transaction complies with any other standard that the Commissioner prescribes by rule.

Permit the Commissioner to promulgate rules requiring a permittee, a person attempting to acquire or having control of a permittee, and affiliates of a permittee to report a transaction or series of transactions, if all of the following are satisfied: (a) the transaction is between a permittee and a person attempting to acquire or having control of the permittee or an affiliate of the permittee, or the transaction directly or indirectly benefits the person or affiliate; and (b) the transaction is material to the permittee. Provide that transactions that are material to a permittee for these purposes include management contracts, service contracts, and cost-sharing arrangements. Permit the Commissioner to prescribe by rule standards for determining whether a transaction is material.

Provide that no permittee or affiliate may enter into a transaction required to be reported

to the Commissioner unless the permittee reports the transaction to the Commissioner in the form, and by the date, prescribed by the Commissioner. Prohibit the Commissioner from requiring the transaction to be reported earlier than 30 days before the effective date of the transaction. Permit the Commissioner, within that period, to disapprove any reported transaction if the Commissioner finds that it would violate the law or would be contrary to the interests of enrollees of the permittee, DHS, or the public.

Prohibit a permittee or affiliate from entering into a transaction that is not reported or disapproved by the Commissioner. Specify that if a permittee or affiliate enters into a transaction in violation of this provision, the permittee may void the transaction, obtain an injunction, and recover from the person or affiliate the amount necessary to restore the permittee to its condition had the transaction not occurred. Permit the Commissioner to order a permittee to void the transaction, to commence an action against the person or affiliate, or to take other action.

Permit the Commissioner to promulgate rules for determining adequacy of a CMO's financial condition. Provide that the reporting requirements would not apply to a person attempting to acquire or having control of a permittee or an affiliate of a permittee, if the permittee reports on behalf of the person or affiliate, and the transaction is not disapproved by the Commissioner.

Dividends and Distributions. Provide that a permittee may not pay a dividend or distribution, and an affiliate of a permittee may not accept a dividend or distribution, unless the permittee reports the dividend or distribution to the Commissioner at least 30 days before payment and the Commissioner does not disapprove the dividend or distribution within that period. Permit the Commissioner to promulgate rules that do any of the following: (a) prescribe the form and content of and procedure for filing reports; or (b) exempt dividends or distributions from the reporting requirement under conditions that would not jeopardize the financial condition of the permittee.

Provide that a permittee may declare a dividend or distribution that is conditioned upon the permittee's compliance with these provisions. A declaration of a dividend or distribution under this provision would not confer rights to the proposed recipient of the dividend or distribution unless the permittee complies with this provision. The declaration would be void if the dividend or distribution is disapproved by the Commissioner. Provide that, in addition to any other remedies available, a permittee could recover from the recipient any dividend or distribution paid in violation of these provisions.

Duties of Officers and Directors. Provide that no director or officer of a permittee or of an affiliate of a permittee could permit, participate in, or assent to a transaction or payment or acceptance of a dividend or distribution that was prohibited. Provide that an officer or director who knows, or reasonably should know, that the permittee or affiliate has entered into a transaction or paid a dividend or distribution that violates this chapter would be required to report the transaction, dividend, or distribution to the Commissioner in writing within 30 days after attaining that knowledge. Provide that the report is confidential unless the Commissioner

finds it necessary to disclose the report for enforcement purposes.

Management Changes. Provide that no proposed plan of merger or acquisition of a permittee may be executed unless the Commissioner approves the plan. Require the Commissioner to approve the plan if the Commissioner finds, after a hearing, that it would not violate the law or be contrary to the interests of the public, DHS, or the enrollees. A permittee would be required to report any changes in directors or principal officers after a permit is issued, and any biographical data on the new director or officer required by rule.

Commissioner's Summary Orders. Permit the Commissioner to require a permittee to stop providing services under the DHS contract, or to take corrective measures, without notice and before hearing, if it appears that irreparable harm to the property or business of the permittee or to the interests of its enrollees or the public, will occur unless the Commissioner acts and one of the following applies: (a) the permittee is not in compliance with standards for the financial condition of CMOs; or (b) grounds exist to suspend or revoke the permit. Provide that such an order is effective immediately. Provide that the permittee has rights, as described under Chapter 601, to a hearing before the issuing of an order. Permit the Commissioner to serve upon the permittee notice of hearing under the procedures under Chapter 601 simultaneously with service of the order under these provisions. Permit the Commissioner to keep proceedings under these provisions confidential.

Enrollee Immunity. Provide that an enrollee of a CMO is not liable for health care, service, equipment, or supply charges that are covered under the CMO's contract with DHS. Further, prohibit a person from billing, charging, collecting a deposit from, seeking compensation from, filing or threatening to file with a credit reporting agency for any health care, service, equipment, or supply charges for which the enrollee is not liable. This immunity of an enrollee would not be affected by any of the following: (a) a breach or default on an agreement by the CMO or the failure of any person to compensate the provider; (b) the insolvency or conditions leading to insolvency of the CMO or any person contracting with the CMO; (c) delinquency, or bankruptcy proceedings involving the CMO or other person, regardless of whether the CMO or other person has agreed to compensate the provider for health care, services, equipment, or supplies for which the enrollee is not liable; or (d) the inability of the provider or other person who is owed compensation for health care, services, equipment, or supplies to obtain compensation from the CMO.

Insolvency Funding. Require a permittee to deposit an amount of not less than \$250,000 under contract with DHS. Provide that a deposit may be released only with the approval of the Commissioner and only in one of the following circumstances: (a) to pay an assessment; or (b) to pay creditors of the permittee if the permittee is insolvent, dissolves, or is subject to an insolvency proceeding, including a bankruptcy proceeding. Permit DHS to assess an amount from each permittee's deposit for the purpose of funding arrangements for, or to pay expenses related to, services for enrollees of an insolvent or financially hazardous permittee. Provide that the DHS assessment would be allocated to each permittee's deposit in an amount that reflects the permittee's proportionate share of projected enrollment in the Department's annual contracting period. Authorize the Commissioner to release, and the Department of

Administration to pay, to DHS the assessed amount for this purpose. Require a permittee to restore its deposit subject to an assessment within 30 days after the assessment, unless OCI authorizes a longer period, not exceed two years. Permit DHS to recover, file a claim, or bring civil action to recover, from the permittee any amount that DHS assesses and pays. Provide that any amount recovered must be restored to each permittee's deposit in the same proportion as the assessment.

[Act 28 Sections: 221, 222, 355, 362, 862, 3134, and 3199]

Motor Vehicle Insurance

1. MANDATORY AUTO INSURANCE

Senate/Legislature: Specify that no person, with certain exceptions, may operate a motor vehicle upon a highway in this state without a motor vehicle liability policy for that vehicle. This provision is summarized under "Transportation -- Motor Vehicles."

2. FINANCIAL RESPONSIBILITY -- MINIMUM LIABILITY COVERAGE [LFB Paper 483]

Governor: Increase the minimum coverage amounts required to satisfy proof of financial responsibility with respect to paying for damages caused by motor vehicle accidents.

Current law requires all owners or operators of motor vehicles involved in an accident that causes injury, death, or property damage of over \$1,000, to deposit a security amount that the Department of Transportation (DOT) deems sufficient to satisfy any judgment for damages. Failure to deposit the security amount by a specified deadline results in the suspension of the vehicle operator's operating license or the owner's vehicle registration. Several exemptions apply to the DOT security deposit requirement, including an exception for individuals who provide proof of financial responsibility. Proof of financial responsibility includes a motor vehicle liability policy that covers the following amounts in any one accident: (a) \$25,000 because of bodily injury or death of one person; (b) \$50,000 for the bodily injury or death of two or more people; and (3) \$10,000 for property damages.

The bill would increase these motor vehicle liability policy minimum requirements in any one accident to \$100,000 for injury to one person, \$300,000 for injury to more than one person, and \$25,000 for property damage. In addition, the bill would require vehicles owned by a school or school bus contractor to be insured by a policy with property damage coverage of at least \$25,000, and bodily injury liability coverage of at least \$100,000 per person and \$300,000 per accident.

These provisions would first apply to accidents occurring on or after the first day of the 5th

month beginning after the bill's publication, and to proof of financial responsibility for the future that is furnished on the first day of the 5th month beginning after the bill's publication.

Joint Finance/Legislature: Delete provision. Instead, increase the required minimum coverage limits for motor vehicle liability insurance as follows:

a. Beginning January 1, 2010, in any one accident, \$50,000 because of bodily injury to or death of one person, \$100,000 because of bodily injury to or death of two or more persons, and \$15,000 because of injury to or destruction of property of others (referred to as limits of 50/100/15);

b. Beginning January 1, 2011, in any one accident, \$75,000 because of bodily injury to or death of one person, \$150,000 because of bodily injury to or death of two or more persons, and \$20,000 because of injury to or destruction of property of others (referred to as limits of 75/150/20); and

c. Beginning January 1, 2012, in any one accident, \$100,000 because of bodily injury to or death of one person, \$300,000 because of bodily injury to or death of two or more persons, and \$25,000 because of injury to or destruction of property of others (referred to as limits of 100/300/25).

Provide that, every five years after January 1, 2012, these liability coverage amounts be adjusted to reflect changes in the consumer price index for all urban consumers, U.S. city average, for the medical care group, as determined by the U.S. Department of Labor. Require the Department of Transportation to publish the new minimum coverage amounts under this provision every five years in the Wisconsin Administrative Register, beginning in January, 2017.

These minimum liability limits would apply to proof of financial responsibility for accidents occurring during the period that each coverage level is in effect, and to proof of financial responsibility for the future that is furnished to the Department of Transportation during the period that each coverage level is in effect.

Additionally, provide that the minimum coverage limits would apply to automobile insurance policies purchased for human service vehicles. Current law specifies certain liability coverage levels that these vehicles must carry, and this provision would specify that the higher of the new minimum levels or the levels specified in current law would apply to these types of policies.

Veto by Governor [D-16]: Delete the provisions that would have increased minimum required motor vehicle liability limits in January, 2011, and January, 2012. As a result, the new minimum required liability coverage limits will equal 50/100/15 effective January 1, 2010. Beginning in 2017, these levels will be adjusted every five years to reflect changes in the consumer price index for all urban consumers, U.S. city average, for the medical care group.

[Act 28 Sections: 2303, 2478e, 2962t, 2963c, 2963r, 2964c, 2965c, 2966v, 9326(6)&(7), and 9426(2)]

[Act 28 Vetoed Sections: 2962t and 2963r]

3. UNINSURED, UNDERINSURED AND MEDICAL PAYMENTS COVERAGE [LFB Paper 483]

Governor: Require insurers to provide underinsured motorist coverage, and increase the minimum coverage amounts a motor vehicle liability insurance policy must provide for uninsured motorist, underinsured motorist, and medical payments coverage. Town mutual insurance corporations would not be subject to these changes. The minimum coverage limits would be increased as follows.

Uninsured Motorist Coverage. Increase the amount that policies must cover for uninsured motorist coverage from \$25,000 to \$100,000 per person, and from \$50,000 to \$300,000 per accident. Uninsured motorist coverage provides compensation to an insured involved in an accident with an uninsured motor vehicle (unlike liability coverage, which provides compensation to the other driver).

Define an "uninsured motor vehicle" as follows: (a) a motor vehicle that is involved in an accident with a person who has uninsured motorist coverage and with respect to which, at the time of the accident, a bodily injury liability insurance policy is not in effect and the owner or operator has not furnished proof of financial responsibility for the future; (b) an insured motor vehicle if before or after the accident the liability insurer of the motor vehicle is declared insolvent by a court of competent jurisdiction; and (c) an unidentified motor vehicle.

Currently, an uninsured motor vehicle is defined to include an unidentified motor vehicle involved in a hit and run accident. The Wisconsin Supreme Court has held that, under this definition, actual contact of the vehicles is necessary. This change would broaden the definition of an uninsured motor vehicle so that actual contact between vehicles would not be necessary for uninsured motorist coverage to apply.

Underinsured Motorist Coverage. Require policies to provide underinsured motorist coverage, in the amounts of \$100,000 per person, and \$300,000 per accident. Underinsured motorist coverage provides compensation to an insured involved in an accident with an underinsured motorist (unlike liability coverage, which provides compensation to the other driver).

Currently, policies are not required to provide underinsured motorist coverage, although insurers must provide written notice to an insured regarding the availability of this coverage. If the insured accepts coverage, current law requires the policy to include the coverage in limits of at least \$50,000 per person and \$100,000 per accident. This provision repeals the statutory requirement that an insurer inform the insured individual about the availability of underinsured motorist coverage to reflect this change.

Define "underinsured motorist coverage" as coverage for the protection of persons insured under that coverage who are legally entitled to recover damages for bodily injury, death, sickness, or disease from owners or operators of underinsured motor vehicles.

Define "underinsured motor vehicle" as a vehicle to which the following apply: (a) the

motor vehicle is involved in an accident with a person who has underinsured motorist coverage; (b) a bodily injury liability insurance policy applies to the motor vehicle at the time of the accident; and (c) the limits under the bodily injury liability insurance policy are less than the amount needed to fully compensate the insured for his or her damages.

Medical Payments Coverage. Increase the minimum medical payments coverage policies must provide, from \$1,000 to \$10,000 per person, but permit individuals to reject medical payments coverage.

Define "medical payments coverage" as coverage to indemnify for medical payments or chiropractic payments or both for the protection of all persons using the insured motor vehicle from losses resulting from bodily injury or death.

Effective Date and Initial Applicability. The changes in these coverage limits would take effect on the first day of the 5th month beginning after the bill's general effective date, and would first apply to motor vehicle insurance policies issued or renewed on the that date.

Joint Finance/Legislature: Delete "unidentified motor vehicle" from the definition of an uninsured motor vehicle. Include the following vehicles in the definition of an uninsured motor vehicle: (a) an unidentified motor vehicle, if an independent third party provides evidence in support of the unidentified motor vehicle's involvement in the accident; and (b) an unidentified motor vehicle involved in a hit-and-run accident.

[Act 28 Sections: 1463, 2303, 3148 thru 3150, 3152 thru 3166, 9326(6), and 9426(2)]

4. UMBRELLA AND EXCESS LIABILITY INSURANCE [LFB Paper 483]

Governor/Legislature: Require insurers that offer umbrella and excess liability insurance policies that cover motor vehicle liability, except for town mutual insurance organizations, to provide a written offer and a brief description of uninsured and underinsured motorist coverage to insured individuals whenever application is made for such a policy, or at the first renewal of such a policy in effect on the effective date of this provision.

Define an "umbrella or excess liability policy" as an insurance policy that provides at least \$1,000,000 of liability coverage per person or per occurrence in excess of certain required underlying liability insurance coverage or a specified amount of self-insured retention.

Provide that, if an insured individual chooses to reject the offer of uninsured or underinsured motorist coverage, the individual would be required to submit the rejection in writing. Further, if a policy did not include uninsured or underinsured motorist coverage and the insurer did not make a written offer of such coverage, a court would be required to amend the policy to include that coverage upon the request of the insured individual, with the same limits as the policy's liability coverage limits.

These changes take effect on the first day of the 5th month beginning after the bill's

publication.

[Act 28 Sections: 3151, 3167, and 9426(2)]

5. PROHIBITED POLICY PROVISIONS [LFB Paper 483]

Governor: Prohibit the following provisions in a motor vehicle liability insurance, which are currently permissible.

Stacking. Prohibit a motor vehicle liability insurance policy from preventing the addition of limits for any coverage to the limits for similar coverage of other vehicles to determine the total available coverage limit for any single accident, regardless of the number of policies or vehicles involved, persons covered, claims made, vehicles or premiums shown on the policy, or premiums paid.

If an individual was not using a motor vehicle at the time of an accident, prohibit a policy from setting a maximum available uninsured motorist, underinsured motorist, or medical payment coverage limit equal to any single applicable coverage limit for a motor vehicle for which the individual is insured.

Reducing. Prohibit a policy from reducing the limit for uninsured or underinsured motorist coverage for injury or death in any one accident, by any of the following amounts: (a) amounts paid by or on behalf of a legally responsible person or organization; (b) amounts paid or payable by any worker's compensation law; or (c) amounts paid or payable under any disability benefits law.

Drive-Other-Car Exclusion. Prohibit a policy from denying coverage for an accident in which all of the following apply to the motor vehicle: (a) the vehicle is owned by the insured individual, or that individual's spouse or relative who lives in the same household as the individual; (b) the vehicle is not described in the policy under which the claim is made; and (c) the vehicle is not covered by the policy as a newly acquired or replacement vehicle.

Health Insurance. Prohibit a health care plan, as defined in statute, from refusing to cover health care services on the grounds that a liability insurance policy may cover the services.

These changes would take effect on the first day of the 5th month beginning after the bill's publication, and first apply to motor vehicle insurance policies issued or renewed on that date.

Joint Finance: Specify that the provisions that would prohibit a motor vehicle liability insurance policy from preventing the addition of coverage limits ("stacking") would only apply to uninsured motorist coverage and underinsured motorist coverage.

Specify that the provisions that would prohibit a motor vehicle liability insurance policy from denying coverage for an accident in a vehicle owned by an insured or an insured relative if that vehicle is not listed on the policy (the prohibition of a "drive-other-car exclusion") would only apply to uninsured motorist coverage and underinsured motorist coverage.

Conference Committee/Legislature: Provide that a policy may limit the number of motor vehicles for which coverage may be "stacked" to three vehicles.

Veto by Governor [D-16]: Delete the prohibition on "drive-other-car" exclusions.

[Act 28 Sections: 3147, 3168 thru 3171, 3197, 9326(6)&(8), and 9426(2)]

[Act 28 Vetoed Sections: 3147, 3172, 9326(6), and 9426(2)]

6. INSURER PRACTICES

Conference Committee/Legislature: Prohibit an insurer from placing an insured in a high-risk category on the basis that the applicant or insured has not previously had motor vehicle insurance. Prohibit an insurer from assessing an applicant's or insured's risk on the basis of the city, village, town, or county in which the insured motor vehicle is customarily kept. Specify that these provisions would take effect on the first day of the fifth month beginning after the bill's publication, and first apply to motor vehicle insurance policies issued or renewed on that date.

Veto by Governor [D-16]: Delete the provision that prohibits an insurer from assessing an applicant's or insured's risk on the basis of the city, village, town, or county in which the insured motor vehicle is customarily kept.

[Act 28 Sections: 3172k, 9326(6f), and 9426(2)]

[Act 28 Vetoed Section: 3172k]

Health Insurance

1. COVERAGE REQUIREMENTS FOR DEPENDENTS [LFB Paper 482]

Governor: Require every health insurance policy, and every self-insured health plan of the state or county, city, town, village, or school district that provides coverage for a person as a dependent of an insured to provide dependent coverage for a child of an insured unless: (a) the child is 27 years of age or older; (b) the child is married; (c) the child has other health care coverage; (d) the child is employed full time and his or her employer offers health care coverage to its employees; or (e) coverage of the insured through whom the child has dependent coverage under the policy or plan is discontinued or not renewed.

The new requirements would take effect on the first day of the seventh month beginning

after the bill's publication. However, the requirements would first apply to: (a) health policies that are issued or renewed, and governmental or school district self-insured health plans that are established, extended, modified, or renewed, on that date; (b) health policies covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with these requirements that are issued or renewed on the earlier of the day on which the collective bargaining agreement expires, or the day on which the collective bargaining agreement is extended, modified, or renewed (after the effective date); and (c) governmental or school district self-insured plans covering employees who are affected by a collective bargaining agreement containing provisions that are inconsistent with these requirements that are established, extended, modified, or renewed on the earlier of the day on which the bargaining agreement expires or the day on which the collective bargaining agreement is extended, modified or renewed.

Senate/Legislature: Delete provision. Instead, incorporate the provisions of 2009 SB 70 that relate to coverage of dependents, as described below.

Coverage of Dependents. Require all commercial health insurance policies, and all self-insured governmental health plans to offer and provide coverage for an adult child of the insured or applicant (if so requested by an insured or an applicant), if the child satisfies all of the following criteria:

- a. The child is over 17 but less than 27 years of age;
- b. The child is not married; and
- c. The child is not eligible for coverage under a group health benefit plan that is offered by the child's employer, and for which the child's premium contribution is not greater than the premium amount for his or her coverage as a dependent under this provision.

Additionally, an adult child would be eligible for coverage as a dependent if he or she meets all the following criteria: (a) the child is a full-time student, regardless of age; (b) the child meets the criteria under (b) and (c) of the previous paragraph; (c) the child was called to federal active duty in the national guard or in a reserve component of the U.S. armed forces while attending an institution of higher education on a full-time basis; and (d) the child was under 27 years of age when called to federal active duty.

Determination of Premiums. Require an insurer or self-insured governmental health plan to determine the premium for coverage of a dependent who is over 18 years of age on the same basis as the premium is determined for coverage of a dependent who is 18 years of age or younger. Permit an insurer or self-insured governmental health plan to require that an applicant or insured seeking coverage of a dependent child provide written documentation, initially and annually thereafter, that the dependent child satisfies the criteria for coverage.

Effective Date and Initial Applicability. Specify that these requirements take effect on the first day of the seventh month beginning after the bill's publication. However, the requirements would first apply to: (a) health policies that are issued or renewed, and governmental or school

district self-insured health plans that are established, extended, modified, or renewed, on that date; (b) health policies covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with these requirements that are issued or renewed on the earlier of the day on which the collective bargaining agreement expires, or the day on which the collective bargaining agreement is extended, modified, or renewed (after the effective date); and (c) governmental or school district self-insured plans covering employees who are affected by a collective bargaining agreement containing provisions that are inconsistent with these requirements that are established, extended, modified, or renewed on the earlier of the day on which the bargaining agreement expires or the day on which the collective bargaining agreement is extended, modified or renewed.

[Act 28 Sections: 801r, 801t, 1463w, 2252, 2297q, 2453tm, 2453u, 3138, 3197p, 3198b, 3198c, 9326(9f), and 9426(3f)]

2. COVERAGE OF CONTRACEPTIVES AND RELATED SERVICES

Joint Finance/Legislature: Require every disability insurance policy, and every self-insured health plan of the state or of a county, city, town, village, or school district, that provides coverage of outpatient health care services, preventative treatments and services, or prescription drugs and devices to provide coverage for all of the following:

a. Contraceptives prescribed by a health care provider listed in s. 146.81 of the statutes; and

b. Outpatient consultations, examinations, procedures, and medical services that are necessary to prescribe, administer, maintain, or remove a contraceptive, if covered for other drug benefits under the policy or plan.

Define "contraceptives" as drugs or devices approved by the federal Food and Drug Administration to prevent pregnancy.

Provide that the coverage described above may be subject only to the exclusions, limitations, or cost-sharing provisions that generally apply to the coverage of outpatient health care services, preventative treatments, and prescription drugs and devices provided under the policy or self-insured health plan.

Provide that this requirement does not apply to the following types of policies: (a) a disability insurance policy that covers only certain specified diseases; (b) a disability insurance policy, or a self-insured health plan of the state or a county, city, town, village, or school district, that provides only limited-scope dental or vision benefits; (c) a health care plan offered by a limited service health organization, or a preferred provider plan that is not a defined network plan; (d) a long-term care insurance policy; or (e) a Medicare replacement or supplement policy.

Provide that these requirements go into effect on the first day of the seventh month beginning after publication. Provide that these requirements would first apply to all of the

following:

a. Disability insurance policies that are issued or renewed, and governmental or school district self-insured health plans that are established, extended, modified, or renewed, on the effective date;

b. Disability insurance policies covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with these requirements that are issued or renewed on the earlier of the day on which the collective bargaining agreement expires, or the day on which the collective bargaining agreement is extended, modified, or renewed; and

c. Governmental or school district self-insured health plans covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with those described above, that are established, extended, modified or renewed on the earlier of the following: (1) the day on which the collective bargaining agreement expires; or (2) the day on which the collective bargaining agreement is extended, modified, or renewed.

[Act 28 Sections: 801t, 1463w, 2251w, 2297q, 2453tm, 2453u, 3138g, 3198d, 9326(9f), and 9426(3f)]

3. TREATMENT OF AUTISM SPECTRUM DISORDERS

Joint Finance: Require every disability insurance policy, and every self-insured health plan of the state or a county, city, town, village, or school district, to provide coverage for an insured for treatment for the mental health condition of autism spectrum disorder if the treatment is prescribed by a physician and provided by any of the following who are qualified to provide intensive-level or nonintensive-level services:

- (a) a psychiatrist;
- (b) a person who practices psychology;
- (c) a social worker who is certified or licensed to practice psychotherapy;
- (d) a paraprofessional working under the supervision of a provider listed under (a), (b), or (c);
- (e) a professional working under the supervision of a certified outpatient mental health clinic;
- (f) a speech-language pathologist; or
- (g) an occupational therapist.

Require that the coverage requirement described above provide at least \$60,000 for intensive-level services per insured per year, with a minimum of 30 to 35 hours of care per week for a minimum duration of four years.

Require that the coverage requirement described above provide at least \$30,000 for nonintensive-level services per insured per year.

Require that these minimum coverage monetary amounts be adjusted annually, beginning in 2011, to reflect changes in the consumer price index for all urban consumers, U.S. city average, for the medical care group, as determined by the U.S. Department of Labor. Require the Commissioner of Insurance to publish the new minimum coverage monetary amounts under this provision each year in the Wisconsin Administrative Register, beginning in 2011.

Specify that the minimum coverage monetary amounts or duration required for treatment described above need not be met if it is determined by a supervising professional, in consultation with the insured's physician, that less treatment is medically appropriate.

Specify that the coverage requirement described above may be subject to deductibles, coinsurance, or copayments that generally apply to other conditions covered under the policy or plan, but may not be subject to limitations or exclusions, including limitations on the number of treatment visits.

Define the following terms:

(a) "Autism spectrum disorder," as autism disorder, Asperger's syndrome, and pervasive developmental disorder not otherwise specified;

(b) "Insured," as including an enrollee and a dependent with coverage under the disability insurance policy or self-insured health plan;

(c) "Intensive-level services," as evidence-based behavioral therapy designed to help an individual with autism spectrum disorder overcome the cognitive, social and behavioral deficits associated with that disorder;

(d) "Physician," as a person licensed to practice medicine and surgery under Chapter 448 of the statutes;

(e) "Nonintensive-level services," as therapy that occurs after the completion of treatment with intensive-level services and that is designed to sustain and maximize gains made during treatment with intensive-level services or, for an individual who has not and will not receive intensive-level services, therapy that will improve the individual's condition.

Require the Commissioner to, by rule, further define "intensive-level services" and "nonintensive-level services." Require the Commissioner to, by rule, define "paraprofessional" and "qualified" for the purposes of providing services under these provisions. Authorize the Commissioner to promulgate rules governing the interpretation or administration of these provisions.

Authorize the Commissioner, using the procedures that govern emergency rules, to promulgate rules described above for the period before the effective date of any permanent rules. Specify that the Commissioner is not required to provide evidence that promulgating a rule as an emergency rule, as described above, is necessary for the preservation of the public peace, health, safety, or welfare. Specify that the Commissioner is not required to provide a finding of emergency for a rule described above.

Provide that the new insurance requirements would not apply to the following types of policies: (a) a disability insurance policy that covers only certain specified diseases; (b) a health care plan offered by a limited service health organization, or a preferred provider plan that is not a defined network plan; (c) a long-term care insurance policy; or (d) a Medicare replacement or supplement policy.

Provide that these requirements would first apply to all of the following:

a. Disability insurance policies that are issued or renewed, and governmental or school district self-insured health plans that are established, extended, modified, or renewed, on the first day of the fifth month beginning after publication;

b. Disability insurance policies covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with these requirements that are issued or renewed on the earlier of the day on which the collective bargaining agreement expires, or the day on which the collective bargaining agreement is extended, modified, or renewed; and

c. Governmental or school district self-insured health plans covering employees who are affected by a collective bargaining agreement containing provisions inconsistent with those described above, that are established, extended, modified or renewed on the earlier of the following: (1) the day on which the collective bargaining agreement expires; or (2) the day on which the collective bargaining agreement is extended, modified, or renewed.

Assembly/Legislature: Reduce the minimum coverage that health policies would be required to provide for intensive-level services, from \$60,000 to \$50,000 per insured per year. Reduce the minimum coverage that policies would be required to provide for nonintensive-level services, from \$30,000 to \$25,000 per insured per year. In addition, modify the definition of nonintensive-level services to require that those services be evidence-based.

[Act 28 Sections: 3138i, 3197r, 3197w, and 9326(8L)]

4. SERVICES PROVIDED BY LICENSED MENTAL HEALTH PROFESSIONALS

Joint Finance/Legislature: Modify provisions relating to insurance coverage of mental health services as follows:

Group Health Insurance Policies. Require a group or blanket disability insurance policy to

provide coverage of nonresidential services for the treatment of nervous or mental disorders, or alcoholism or other drug abuse problems provided by a licensed mental health professional practicing within the scope of his or her license, and any applicable rules.

Require a group or blanket disability insurance policy to provide coverage of nonresidential services for the treatment of nervous or mental disorders, or alcoholism or other drug abuse problems provided by a psychologist licensed under Chapter 455 of the statutes.

Require a defined network plan that is required to cover certain services for dependent students to cover a clinical assessment of the dependent student's nervous or mental disorders or alcoholism or other drug abuse problems, conducted by a licensed mental health professional who is located in this state and in reasonably close proximity to the school in which the dependent student is enrolled and who may be designated by the defined network plan.

Specify that if a health insurance policy in effect on the effective date of the bill contains a provision that is inconsistent with these provisions, the requirements that concern group or blanket disability insurance policies would first apply on the date that the policy is renewed.

Define a "licensed mental health professional" as any of the following individuals licensed under Chapter 457 of the statutes: (a) a clinical social worker; (b) a marriage and family therapist; or (c) a professional counselor.

Current state law requires group policies that provide coverage for outpatient treatment to provide at least \$2,000 for outpatient treatment of nervous and mental disorders, alcoholism, or other drug abuse. The provisions in this item would not affect this coverage requirement for mental health services, but would add licensed mental health professionals to the list of individuals who could provide outpatient treatment under this mandate.

Grievance Resolution Procedure. Prohibit a person from practicing clinical social work, marriage and family therapy, or professional counseling without notifying his or her client in writing of the procedure to follow to resolve a grievance. Specify that the notice required in this provision shall provide one of the following options for a grievance resolution procedure:

(a) A grievance resolution procedure that contains all of the following elements:

1. The name, address, and telephone number of, and any other contact information available for, the appropriate section of the examining board that is responsible for receiving a complaint and investigating and conducting a hearing.

2. The name, address, and telephone number of, and any other contact information available for, a person not involved in the services, therapy, or counseling giving rise to the complaint who would be available to receive and investigate a complaint.

3. The manner by which a client may present a complaint to a person identified above.

4. The manner by which a client may appeal the resolution of such a complaint.

5. Time limits for filing, processing, and appealing the resolution of such a complaint.
6. Protections against retaliation for a client who presents such a complaint, and for any person who assists the client to present such a complaint.

(b) A grievance resolution procedure that complies with the rules promulgated under s. 51.61 (5)(b) of the statutes.

(c) A grievance resolution procedure that is available to the credential holder through a professional association of which the credential holder is a member.

State Alcohol, Drug Abuse, Developmental Disabilities and Mental Health. Include records that are created in the course of providing services to individuals for mental illness, developmental disabilities, alcoholism, or drug dependence by psychologists or licensed mental health professionals in the statutory definition of "treatment records."

Require that the grievance resolution procedures made available to the patient, as described above, apply to failures to comply with requirements concerning treatment records under s. 51.30 of the statutes by a licensed mental health professional who is not affiliated with a county department or treatment facility.

Specify that a patient has the right, if provided services by a licensed mental health professional who is not affiliated with a county department or treatment facility, to be notified by the professional in writing of the grievance resolution procedure option described above.

Specify that certain patient rights may be denied if medically or therapeutically contraindicated, as documented by the patient's licensed mental health professional in the patient's treatment record. The rights that may be denied would be the following: (a) to have reasonable access to a telephone to make and receive telephone calls within reasonable limits; (b) to be permitted to use and wear his or her own clothing and personal articles, or be furnished with an adequate allowance of clothes if none are available; (c) to be provided access to a reasonable amount of individual secure storage space for his or her own private use; (d) to have reasonable protection of privacy in such matters as toileting and bathing; and (e) to be permitted to see visitors each day. Specify that the patient or patient's representative may petition for review of the denial of these a right by a licensed mental health professional who is not affiliated with a county department or treatment facility through the use of one of the grievance resolution procedure options described above.

Provide that a licensed mental health professional who is not affiliated with a county department or treatment facility shall notify in writing each patient to whom the professional provides services of the procedure to follow to resolve a grievance. Specify that this notice must provide an option that the professional makes available to the patient, as described above. Specify that the requirements for the department's grievance procedures under s. 51.61(5)(a) and (b) of the statutes do not apply to this provision.

Specify that the DHS rule-making authority with regard to patient rights does not apply to

the grievance resolution procedure described above.

Effective Date. Specify that the provisions described above become effective on the effective date of the bill.

[Act 28 Sections: 1424g, 1427r, 1431d, 1443f, 1443h, 1443k, 2995p, 3137r, 3197r, 3197s, 3197t, and 9326(9q)&(10q)]

5. INDEPENDENT REVIEW OF COVERAGE DENIAL DETERMINATIONS AND RESCISSIONS [LFB Paper 482]

Governor: Modify current law relating to the types of adverse decisions that are eligible for a review under a group or individual health benefit plan's independent review procedure to include: (a) the rescission of a policy or certificate; and (b) a coverage denial determination based on a preexisting condition exclusion. Define a "preexisting condition exclusion denial determination" as a determination by, or on behalf of, an insurer that issues a health benefit plan denying or terminating treatment or payment for treatment on the basis of a preexisting condition exclusion.

Require the Commissioner to make a determination that at least one independent review organization has been certified that is able to effectively provide the independent review required for preexisting condition exclusion denial determinations and rescissions, and publish a notice in the Wisconsin Administrative Register that states a date that is two months after the Commissioner makes the determination. The date in the notice would be the date on which the independent review procedure begins operating with respect to preexisting condition exclusion denial determinations and rescissions. Require that the independent review relating to preexisting condition exclusion denial determinations and rescissions be available to an insured who receives notice of the disposition of his or her grievance on or after the date stated in the notice.

Specify that the independent review procedures would not affect an insured's right to commence a civil proceeding relating to a coverage denial determination. Further, specify that a decision of an independent review organization regarding a preexisting condition exclusion denial determination or a rescission is not binding on the insured.

Repeal a provision that requires an insured or his or her authorized representative to pay a \$25 fee to the independent review organization, which is refunded by the insurer if the insured prevails on the review.

Joint Finance: Require a clinical peer reviewer who conducts a review relating to a rescission on behalf of a certified independent review organization to be a health care provider who is expert in treating the medical condition that is the subject of the review, and who is knowledgeable about the treatment that is the subject of the review through current, actual clinical experience.

Assembly: Provide that an insurer is not liable for punitive damages for actions taken in compliance with a decision rendered by a certified independent review organization that relates to a preexisting condition denial or rescission.

Provide that, if an insured brings a civil action against an insurer relating to a pre-existing condition exclusion denial determination or a rescission with respect to which an independent review organization has issued a decision, the decision is presumed to be correct, and the insured has the burden of proof of rebutting the presumption.

Conference Committee/Legislature: Delete Assembly modification.

[Act 28 Sections: 3178 thru 3190, and 3192 thru 3196]

6. INDIVIDUAL HEALTH POLICIES -- MODIFICATIONS AT RENEWAL [LFB Paper 482]

Governor: Require an insurer that issues an individual major medical or comprehensive health benefit plan, at the time of a coverage renewal and at the request of an insured, to permit the insured to either: (a) modify his or her existing coverage by electing an optional higher deductible, if any, under the individual major medical or comprehensive health benefit plan; or (b) change his or her coverage to any of the following:

- a different but comparable individual major medical or comprehensive health benefit plan currently offered by the insurer;
- an individual major medical or comprehensive health benefit plan currently offered by the insurer with more limited benefits; or
- an individual major medical or comprehensive health benefit plan currently offered by the insurer with higher deductibles.

Prohibit an insurer from imposing any new preexisting condition exclusions under the new or modified coverage that did not apply to the insured's original coverage, and require the insurer to allow the insured credit under the new or modified coverage for the period of original coverage. For any new or modified coverage, prohibit an insurer from rating for health status other than on the insured's health status at the time the insured applied for the original coverage and as the insured disclosed on the original application.

Require each insurer to mail to each insured under an individual major medical or comprehensive health benefit plan issued by the insurer, a notice that includes all of the following: (a) that the insured has the right to elect alternative coverage as described above; (b) a description of the alternatives available to the insured; and (c) the procedure for making the election. Require insurers to send his notice not more than three months nor less than 60 days before the renewal date of the insured's plan.

Provide that these provisions would not require an insurer to issue alternative coverage if

the insured's coverage may not be nonrenewed or discontinued, as provided by law. In addition, specify that these provisions would apply to a group health benefit plan if that plan is an individual major medical or comprehensive health benefit plan, which the bill would define as coverage under a group health benefit plan that is underwritten on an individual basis and issued to individuals or families.

These provisions would first apply to individual major medical or comprehensive health benefit plans that are renewed on the bill's general effective date.

Joint Finance/Legislature: Specify that an insurer is not required to renew individual health benefit plan coverage that complies with all of the following: (a) the coverage is marketed and designed to provide short-term coverage as a bridge between coverages; (b) the coverage has a term of not more than 12 months; (c) the coverage term aggregated with all consecutive periods of the insurer's coverage of the insured by individual health plan coverage not required to be renewed does not exceed 18 months (for the purposes of this point, coverage periods are consecutive if there are no more than 63 days between the coverage periods); and (d) any rules promulgated by the Commissioner of Insurance ("the Commissioner"), as described in the following paragraph.

Require the Commissioner to promulgate rules governing disclosures related to the sale of individual health benefit plans that an insurer is not required to renew, as described above. Allow the Commissioner to promulgate rules setting standards for the sale of individual health benefit plans that an insurer is not required to renew, as described above.

Define, for the purposes of the provisions of modifications at renewal, an "individual major medical or comprehensive health benefit plan" to include coverage under a group policy that is underwritten on an individual basis and is issued to individuals or families.

Provide that the treatment of the provisions in the first paragraph first apply to an individual health benefit plan that is a short-term plan and that is issued or renewed on the effective date of this subsection.

Specify that the provisions in the bill relating to modifications at renewal of individual major medical or comprehensive health benefit plans take effect on the first day of the 7th month beginning after publication.

[Act 28 Sections: 3173d, 3173f, 3173h, 3173j, 3173m, 3174, 9324(3)&(3u), and 9426(4u)]

7. INDIVIDUAL HEALTH INSURANCE POLICIES -- PREEXISTING CONDITION EXCLUSIONS [LFB Paper 482]

Governor: Permit insurers to deny claims for loss incurred or disability commencing after one year (rather than two years, as under current law) from the date of issue of the policy on the ground that the disease or physical condition existed prior to the effective date of the coverage, unless the condition was excluded from coverage by name or specific description by a

provision effective on the date of loss.

Prohibit an individual health insurance policy from defining a preexisting condition more restrictively than a condition, whether physical or mental, regardless of the cause of the condition, for which medical advice, diagnosis, care or treatment was recommended or received within 12 months before the effective date of coverage.

Provide that these provisions would first apply to individual health insurance policies that are issued or renewed on the bill's general effective date.

Joint Finance/Legislature: Delete the provision that would provide that no claim for loss incurred or disability commencing after 12 months from the date of issue of the policy may be reduced or denied on the ground that a disease or a physical condition existed prior to the effective date of coverage. Instead, provide that no claim or loss incurred or disability commencing after 12 months from the date of issue of an individual disability insurance policy may be reduced or denied on the ground that a disease or physical condition existed prior to the effective date of coverage, unless the condition was excluded from coverage by name or specific provision effective on the date of the loss. This change specifies that the provision applies to individual disability insurance policies.

Provide that a short-term policy is exempt from the prohibition against defining a preexisting condition more restrictively than a condition for which medical advice, diagnosis, care or treatment was recommended or received within 12 months before the effective date of the coverage.

Provide that, except as the Commissioner provides by rule, all of the following apply to an individual insurance policy that is a short-term policy:

a. The policy may not define a preexisting condition more restrictively than a condition, whether physical or mental, regardless of the cause of the condition, for which medical advice, diagnosis, care or treatment was recommended or received before the effective date of the coverage; and

b. The policy must reduce the length of time during which a preexisting condition exclusion may be imposed by the aggregate of the insured's consecutive periods of coverage under the insurer's individual disability insurance policies that are short-term policies. For purposes of this provision, coverage periods are consecutive if there are no more than 63 days between coverage periods.

Specify that the provisions in the bill relating to pre-existing condition exclusions for individual major medical or comprehensive health benefit plans take effect on the first day of the 7th month beginning after publication.

[Act 28 Sections: 3176, 3177, 9326(4), and 9426(3u)]

8. INDIVIDUAL HEALTH INSURANCE POLICIES -- UNIFORM APPLICATION [LFB Paper 482]

Governor/Legislature: Require the Commissioner of Insurance, by rule, to prescribe uniform questions and the format for applications, not to exceed 10 pages, for individual major medical health insurance policies, including health care coverage provided on an individual basis through an association. Require the Commissioner to submit proposed rules to the Legislative Council staff no later than the first day of the 12th month beginning after the bill's general effective date. Provide that, after the effective date of the rules, insurers could use only the prescribed questions and format for individual major medical health insurance policy applications. Require the Commissioner to publish a notice in the Wisconsin Administrative Register that states the effective date of the proposed rules.

[Act 28 Sections: 3136 and 9126(1)]

9. INDIVIDUAL HEALTH INSURANCE POLICIES -- CANCELLATION AND RESCISSION REPORTS [LFB Paper 482]

Governor/Legislature: Beginning in 2009, require every insurer that issues individual health insurance policies to report annually to the Commissioner of Insurance the total number of individual health insurance policies that the insurer issued in the preceding year and the total number of individual health insurance policies that were cancelled or rescinded in the preceding year.

[Act 28 Section: 3137]

INVESTMENT BOARD

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled Amount	Percent
PR	\$60,430,600	\$59,440,800	\$57,917,800	\$57,917,800	\$57,917,800	- \$2,512,800	- 4.2%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
PR	113.50	113.50	113.50	113.50	113.50	0.00

Under s. 25.187 of the statutes, the agency's budget for a fiscal year may not exceed the greater of the amount that the Board could have assessed the trust funds in the second year of the prior fiscal biennium or 0.0325% of the average market value of the assets of the funds at the end of each month between November 30 and April 30 of the preceding fiscal year. The average month-end market value of assets under management for the period November 30, 2007 through April 30, 2008, was \$92,377 million. Budget authority for the 2008-09 adjusted base year was established at \$30,215,300, but should have been set at \$30,022,600. The standard budget adjustment for the removal of noncontinuing elements from the base described below is intended to correct the base budget amount to \$30,022,600.

Under current law, the actual budget levels for the 2009-10 fiscal year will be determined by the greater of the amount that the Board could have assessed the trust funds in 2008-09 (\$30,022,600) or 0.0325% of the average month-end market value of assets under management for the period November 30, 2008 through April 30, 2009. The actual budget levels for the 2010-11 fiscal year will be determined by the greater of the amount that the Board could have assessed the funds in 2008-09 (\$30,022,600) or 0.0325% of the average month-end market value of assets under management for the period November 30, 2009 through April 30, 2010.

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- \$385,400
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Governor/Legislature: Provide standard adjustments to the base budget totaling -\$192,700 annually to remove noncontinuing elements from the base.

2. ACROSS-THE-BOARD 1% REDUCTIONS

PR	- \$604,400
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Governor/Legislature: Delete \$302,200, annually, as part of an across-the-board 1%

reduction in most non-federal appropriations. The reduction is made to the following appropriation:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	General program operations	\$30,215,300	-\$302,200

3. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

PR	- \$601,400
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Joint Finance/Legislature: Delete \$300,700 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

4. STATE EMPLOYEE FURLOUGH

PR	- \$921,600
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Joint Finance/Legislature: Delete \$460,800 annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium.

5. INVESTMENT BOARD USE OF INTERNS

Senate/Legislature: Provide that SWIB employees may disclose information to other investment board employees who are also students participating in a program in the School of Business at the University of Wisconsin-Madison related to applied securities analysis, or participating in a comparable program, if the only use of the information unrelated to SWIB purposes would be for purposes related to the program. Under current law, no state public official may intentionally use or disclose information gained in the course of or by reason of his or her official position or activities in any way that could result in the receipt of anything of value for himself or herself, for his or her immediate family, or for any other person, if the information has not been communicated to the public or is not public information. The provision provides an exception to this statute relating to SWIB's work with student interns.

[Act 28 Section: 667m]

JUDICIAL COMMISSION

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled Amount	Percent
GPR	\$487,000	\$473,200	\$491,600	\$491,600	\$491,600	\$4,600	0.9%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
GPR	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 500]

GPR	\$15,400
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Governor/Legislature: Provide standard adjustments totaling \$7,700 annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$6,400 annually); (b) full funding of lease costs and directed moves (\$1,300 annually); and (c) minor transfers within the same appropriation. The minor transfer reallocates \$700 annually from the limited-term employees line to the supplies and services line for Judicial Commission member per diem costs.

2. ACROSS-THE-BOARD 1% REDUCTIONS [LFB Paper 500]

GPR	- \$4,800
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Governor/Legislature: Delete \$2,400, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General Program Operations	\$225,300	-\$2,200
GPR	Investigations and Prosecution	18,200	-200

3. ADDITIONAL 5% REDUCTIONS [LFB Papers 175 and 500]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$24,400	\$24,400	\$0

Governor: Delete \$12,200 annually from the Commission's GPR-funded appropriations. The reductions, by appropriation, are: (a) general program operations (-\$11,300 annually); and (b) investigations and prosecution (-\$900 annually).

Joint Finance/Legislature: Delete provision.

4. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

GPR	- \$6,000
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Joint Finance/Legislature: Delete \$3,000 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

JUDICIAL COUNCIL

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled Amount	Percent
GPR	\$225,800	\$246,800	\$255,200	\$255,200	\$255,200	\$29,400	13.0%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
GPR	1.00	1.00	1.00	1.00	1.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$34,400
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Governor/Legislature: Provide standard adjustments totaling \$17,200 annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$16,200 annually); and (b) full funding of lease costs and directed moves (\$1,000 annually).

2. ACROSS-THE-BOARD 1% REDUCTIONS

GPR	- \$2,200
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Governor/Legislature: Delete \$1,100, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General Program Operations	\$112,900	-\$1,100

3. ADDITIONAL 5% REDUCTION [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$11,200	\$11,200	\$0

Governor: Reduce the Council's general program operations appropriation by \$5,600 annually.

Joint Finance/Legislature: Delete provision.

4. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

GPR	-\$2,800
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Joint Finance/Legislature: Delete \$1,400 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

JUSTICE

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$84,032,400	\$83,895,900	\$77,028,700	\$81,344,100	\$81,344,100	-\$2,688,300	- 3.2%
FED	16,926,800	17,182,200	17,019,600	17,019,600	17,019,600	92,800	0.5
PR	83,825,200	88,190,300	86,848,300	86,937,900	86,937,900	3,112,700	3.7
SEG	<u>710,800</u>	<u>753,000</u>	<u>728,000</u>	<u>728,000</u>	<u>728,000</u>	<u>17,200</u>	2.4
TOTAL	\$185,495,200	\$190,021,400	\$181,624,600	\$186,029,600	\$186,029,600	\$534,400	0.3%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	358.08	360.08	363.08	363.08	363.08	5.00
FED	34.35	34.35	34.35	34.35	34.35	0.00
PR	183.81	189.81	189.81	189.81	189.81	6.00
SEG	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>0.00</u>
TOTAL	578.99	586.99	589.99	589.99	589.99	11.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 510]

Governor: Provide standard adjustments totaling \$1,189,400 GPR, \$127,700 FED, \$689,900 PR, and \$24,700 SEG in 2009-10, and \$1,189,400 GPR, \$127,700 FED, \$652,500 PR, and \$24,700 SEG in 2010-11.

Adjustments are for: (a) turnover reduction (-\$556,200 GPR and -\$134,600 PR annually); (b) removal of noncontinuing elements from the base (-\$53,400 FED and -\$143,500 PR in 2009-10, and -\$53,400 FED and -\$180,900 PR in 2010-11); (c) full funding of salaries and fringe benefits (\$815,300 GPR, \$181,100 FED, \$568,600 PR, and \$13,200 SEG annually); (d) overtime (\$155,200 GPR, \$552,000 PR, and \$11,300 SEG annually); (e) night and weekend differential (\$10,100 GPR and \$2,200 PR annually); and (f) full funding of lease costs and directed moves (\$765,000 GPR, -\$154,800 PR, and \$200 SEG annually).

GPR	\$2,378,800
FED	255,400
PR	1,342,400
SEG	<u>49,400</u>
Total	\$4,026,000

Joint Finance/Legislature: Delete \$54,300 GPR annually from the law enforcement services' general program operations appropriation and provide a corresponding increase of \$54,300 GPR annually to administrative services' general program operations appropriation for full funding of lease costs and directed moves for the bureau of computing services (\$35,200 GPR annually) and administrative services (\$19,100 GPR annually). Due to an inadvertent data entry error, the full funding for lease costs and directed moves was not provided to the correct DOJ general program operations appropriation.

2. ACROSS-THE-BOARD 1% REDUCTIONS [LFB Paper 511]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$821,600	\$0	- \$821,600
PR	- 838,200	3,000	- 835,200
SEG	- 7,200	0	- 7,200
Total	- \$1,667,000	\$3,000	- \$1,664,000

Governor: Delete \$410,800 GPR, \$419,100 PR, and \$3,600 SEG, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Law Enforcement-General Program Ops.	\$17,049,100	-\$170,500*
GPR	Legal Services-General Program Ops.	14,120,100	-141,200
GPR	Administrative General Program Ops.	5,007,900	-50,100*
GPR	County Victim/Witness Programs	1,422,200	-14,200
GPR	Crime Victim Awards	1,258,000	-12,600
GPR	Victim/Witness General Program Ops.	1,144,300	-11,400
GPR	Legal Expenses	825,100	-8,300*
GPR	Community Policing Grants	250,000	-2,500
PR	Criminal History Searches; Fingerprints	4,650,500	-46,500*
PR	Sexual Assault Victim Services	2,000,000	-20,000
PR	Interagency and Intra-Agency Asst.	1,075,100	-10,800
PR	Environmental Litigation	569,300	-5,700*
PR	Handgun Hotline	471,700	-4,700
PR	Interagency and Intra-Agency Asst.	244,400	-2,400*
	Drug Law Enforcement and Crime Labs		
PR	Drug Law Enforcement; Crime Labs	\$8,524,900	-\$85,200
PR	Drug Enforcement Intelligence Ops.	1,711,300	-17,100*
PR	Crime Laboratories	735,900	-7,400*
PR	Crime Lab Equipment & Supplies	364,100	-3,600
	Law Enforcement Training		
PR	Law Enforcement Training, Local Asst.	\$5,159,400	-\$51,600
PR	Law Enforcement Training, State Ops.	3,759,700	-37,600

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
	County Victim/Witness Programs		
PR	County Victim/Witness Programs-Fees	\$3,438,100	-\$34,400*
PR	County Victim/Witness Programs-Surcharge	885,300	-8,900
PR	County Victim/Witness Programs-Byrne	508,300	-5,100*
	TIME System (Law Enforcement Databases)		
PR	TIME System User Fees	\$2,710,000	-\$27,100*
PR	TIME System-Penalty Surcharge	990,600	-9,900
	Law Enforcement Grant Programs		
PR	Local Drug Crime Enforcement Grants	\$848,600	-\$8,500
PR	Tribal Law Enforcement Assistance	780,000	-7,800
PR	County-Tribal Programs, Local Asst.	708,400	-7,100
PR	County Law Enforcement Services	550,000	-5,500
PR	County-Tribal Program, State Ops.	93,700	-900*
	Crime Victim Compensation		
PR	Crime Victim Awards-Fees	\$488,800	-\$4,900*
PR	Crime Victim Restitution	300,000	-3,000
PR	Crime Victim Compensation Services	52,300	-500*
PR	Victim Compensation, Inmate Payments	10,900	-100*
	Gaming Law Enforcement		
PR	Gaming Law Enforcement; Racing Rev.	\$151,200	-\$1,500*
PR	Gaming Law Enforcement; Indian Gaming	134,900	-1,300*
SEG	Gaming Law Enforcement; Lottery	355,400	-3,600*

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Restore the 1% reduction to the Department's gaming law enforcement; racing revenue appropriation totaling \$1,500 PR annually. Under Act 28, no funding associated with across-the-board reductions may be lapsed to the general fund if the lapse would violate the federal or state constitution.

Article IV, Section 24 of the Wisconsin Constitution requires that all moneys received by the state that are attributable to pari-mutuel on-track betting (except revenues for the regulation of, and enforcement of laws relating to, pari-mutuel on-track betting) must be used for property tax relief. Unexpended revenues in the appropriation at the end of each fiscal year are transferred to the lottery fund for distribution under the state's lottery and gaming credit.

3. ADDITIONAL GPR REDUCTIONS

GPR	- \$2,000,000
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Governor/Legislature: Reduce general program operations funding for the following Department functions by \$1,000,000 annually: (a) \$370,000 annually from the Division of Legal Services; (b) \$210,300 annually from the State Crime Laboratories; (c) \$150,000 annually from the Division of Criminal Investigation; (d) \$100,000 annually from the Narcotics Bureau; (e) \$70,300 annually from the Division of Management Services; (f) \$70,200 annually from the

Bureau of Computing Services; and (g) \$29,200 annually from the Office of Crime Victim Services.

4. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$788,700 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$503,800 GPR, \$32,100 FED, \$247,900 PR, and \$4,900 SEG annually.

GPR	- \$1,007,600
FED	- 64,200
PR	- 495,800
SEG	- 9,800
Total	- \$1,577,400

5. STATE EMPLOYEE FURLOUGH

Joint Finance/Legislature: Delete \$1,208,700 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$772,100 GPR, \$49,200 FED, \$379,800 PR, and \$7,600 SEG annually.

GPR	- \$1,544,200
FED	- 98,400
PR	- 759,600
SEG	- 15,200
Total	- \$2,417,400

6. AGENCY 5.135% BUDGET REDUCTIONS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	- \$4,315,400	\$4,315,400	\$0
PR	- 1,089,600	1,089,600	0
Total	- \$5,405,000	\$5,405,000	\$0

Joint Finance: Delete \$2,702,500 (all funds) annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. The reductions include \$2,157,700 GPR and \$544,800 PR annually. Annual reductions amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
Legal Services			
GPR	General program operations	\$14,120,100	-\$725,100
GPR	Special counsel	805,700	-41,400
GPR	Legal expenses	825,100	-42,400
PR	Environment litigation project	569,300	-29,200
PR	Interagency and intra-agency assistance	1,075,100	-55,200
Law Enforcement Services			
GPR	General program operations	\$17,049,100	-\$875,500
GPR	Officer training reimbursement	83,800	-4,300
GPR	Law enforcement community policing grants	250,000	-12,800
PR	Criminal history searches; fingerprint identification	4,650,500	-238,800
PR	Terminal charges	2,710,000	-139,200

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Interagency and intra-agency assistance	\$244,400	-\$12,500
	Administrative Services		
GPR	General program operations	\$5,007,900	-\$257,200
	Victims and Witnesses		
GPR	General program operations	\$1,144,300	-\$58,800
GPR	Awards for victims of crimes	1,258,000	-64,600
GPR	Reimbursement for victim and witness services	1,422,200	-73,000
GPR	Reimbursement for forensic examinations	50,000	-2,600
PR	Crime victim compensation services	52,300	-2,700
PR	Crime victim restitution	300,000	-15,400
PR	Victim compensation, inmate payments	10,900	-600
PR	Interagency and intra-agency assistance; reimbursement to counties	508,300	-26,100
PR	Victim payments, victim surcharge	488,800	-25,100

Assembly/Legislature: Delete provision.

7. INTERNET CRIMES AGAINST CHILDREN TASK FORCE [LFB Paper 512]

	<u>Governor (Chg. to Base)</u>		<u>Jt. Finance/Leg. (Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	\$306,300	2.00	\$0	3.00	\$306,300	5.00

Governor: Provide \$142,100 in 2009-10 and \$164,200 in 2010-11, and 1.0 special agent and 1.0 computer forensic analyst annually, to provide additional resources to the Internet Crimes Against Children (ICAC) unit at DOJ.

The Wisconsin ICAC Task Force was created in 1998 with federal funding to counter the emerging threat of offenders 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. The task force also coordinates with the Wisconsin Clearinghouse for Missing and Exploited Children, to provide support services to children and families that have experienced victimization.

The Wisconsin ICAC Task Force is led by DOJ. In 2006-07, the ICAC task force unit in DOJ was authorized 10.0 full-time equivalent positions. Under 2007 Act 20, the Legislature provided additional resources to the ICAC unit of \$352,100 in 2007-08, and \$347,400 in 2008-09, and 2.0 special agents and 3.0 computer forensic analysts, annually.

Joint Finance/Legislature: Provide 3.0 GPR-funded positions annually to the ICAC unit

at DOJ (1.0 special agent and 2.0 computer forensic analysts), but require the Department to utilize base administrative services resources to fund the positions.

8. CRIMINAL HISTORY DATABASE AND AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM UPGRADES [LFB Paper 513]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$3,400,000	\$213,400	\$3,613,400
PR	\$1,885,000	\$0	\$1,885,000

Governor: Provide \$1,287,000 PR in 2009-10 and \$598,000 PR in 2010-11, to fund upgrades to the state’s computerized criminal history database and the associated automated fingerprint identification system (AFIS). Of the recommended funding: (a) \$1,050,000 would be utilized in 2009-10 to upgrade the AFIS system; (b) \$237,000 would be expended in 2009-10 to begin the upgrade to the criminal history database; and (c) \$598,000 would be expended in 2010-11 to complete the criminal history database upgrade. Further, provide that all nonprofit and governmental requesters of criminal record name searches for non-criminal justice related purposes be charged \$7 per request. [Fees associated with fingerprint searches would remain unchanged.]

Criminal history search fees are permitted to be assessed on non-criminal justice related searches of the criminal history database, typically made in connection with employment or professional licensing applications. Under prior law, nonprofit organizations were charged \$2 per name search, governmental agencies were charged \$5 per name search, and any other requester was charged \$13 per name search. The Department of Administration estimates that increasing the fee for a name search to \$7 for both nonprofit organizations and governmental agencies will generate an additional \$1.7 million in annual revenue that will be utilized to fund these upgrades.

The computerized criminal history database contains detailed information of arrests, arrest charges, prosecutions, court findings and sentences, and state correctional system admissions and releases that are required to be submitted to the Department. All information in the database is linked to specific fingerprint records submitted by arresting law enforcement agencies and stored in AFIS.

Joint Finance/Legislature: Increase estimated revenues from the fee change from \$1.7 million annually to \$1,806,700 annually during 2009-11. Sunset the increased fee charged to nonprofit organizations (increased by \$5 under Act 28) for a name search of the criminal history database, effective June 30, 2011. Further, provide that the increased expenditure authority to upgrade the AFIS and criminal history databases is provided on a one-time basis only during 2009-11.

[Act 28 Sections: 2448 thru 2448s, and 9430(1f)]

9. INCREASE CRIME LABORATORIES AND DRUG LAW ENFORCEMENT SURCHARGE [LFB Paper 515]

PR-REV \$3,542,300

Governor/Legislature: Increase the crime laboratories and drug law enforcement surcharge from \$8 to \$13. Provide that the surcharge increase first applies to violations committed on or after the effective date of the budget act. When a court imposes a sentence, places a person on probation, or imposes a forfeiture for a violation of state law or municipal or county ordinance, a crime laboratories and drug law enforcement surcharge is generally imposed. This surcharge, along with revenue from a \$250 DNA surcharge, supports: (a) the state's DNA databank; (b) DNA evidence prosecution efforts; (c) the state crime laboratories; and (d) drug law enforcement efforts. The Department of Administration estimates that the surcharge increase will result in additional revenues of \$1,254,200 in 2009-10, and \$2,288,100 in 2010-11.

The Department of Administration estimates that with the surcharge increase, the appropriations supported by the surcharge will conclude with a cumulative deficit of \$5,279,700 in 2009-10, and \$4,855,100 in 2010-11.

[Act 28 Sections: 2446 and 9330(1)]

10. PENALTY SURCHARGE SHORTFALL [LFB Paper 516]

PR - \$1,381,200

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

Appropriation Modifications and Handgun Purchaser Record Check Fees. Rename DOJ's "penalty surcharge receipts" appropriation the "criminal justice program support" appropriation, and provide that penalty surcharge receipts and handgun purchaser record check fees would both be deposited to this receipts appropriation. Under current law, only penalty surcharge revenue is deposited to this appropriation. Increase the handgun purchaser record check fee from \$8 to \$30 [see Item #11]. Increased revenue from the handgun purchaser record check fee would be utilized to address a shortfall in penalty surcharge and handgun purchaser record check fee funding.

Require that all unencumbered balances at the end of each fiscal year (in appropriations funded by penalty surcharge receipts and handgun purchaser record check fees) revert to the "criminal justice program support" appropriation under DOJ.

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

Reduce Affected DOJ Appropriations. Reduce expenditure authority under the following

agency appropriations by \$690,600 annually (5% annually after any standard budget adjustments).

<u>Appropriation</u>	<u>Annual Reduction</u>
Law Enforcement Training Fund-Local Assistance	-\$258,000
Law Enforcement Training Fund-State Operations	-189,000
Drug Enforcement Intelligence Operations	-90,300
TIME System Appropriation	-48,400
Reimbursement to Counties for Victim-Witness Services	-44,300
Drug Crimes Enforcement; Local Grants	-42,400
Crime Laboratory Equipment and Supplies	<u>-18,200</u>
Total	-\$690,600

Joint Finance/Legislature: Delete the: (a) creation of a "criminal justice program support" fund that would have combined the penalty surcharge and handgun purchaser record check fee funds into one aggregated fund; (b) renaming of DOJ's "penalty surcharge receipts" appropriation; and (c) requirement that all unencumbered balances at the end of each fiscal year (in appropriations funded by penalty surcharge receipts and handgun purchaser record check fees) revert to the "penalty surcharge receipts" appropriation under DOJ.

11. INCREASE HANDGUN PURCHASER RECORD CHECK FEE [LFB Paper 517]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$1,672,200	-\$1,258,200	\$414,000

Governor: Increase the handgun purchaser record check fee from \$8 to \$30. The Department of Administration estimated that the fee increase would generate additional revenue of \$836,100 annually.

Eliminate the direct deposit of handgun purchaser record check fees into DOJ's handgun purchaser record check appropriation to support the operation of the handgun purchaser record check program (the "handgun hotline"). Instead, provide that DOJ's handgun purchaser record check appropriation be funded from revenues deposited to the new "criminal justice program support" appropriation [see Item #10 above]. Further, provide that all unencumbered balances in the appropriation at the end of each fiscal year revert to the "criminal justice program support" appropriation under DOJ.

The additional revenue from increasing the handgun purchaser record check fee would be utilized to: (a) fully fund the cost of the handgun hotline during 2009-11; and (b) address a shortfall in penalty surcharge and handgun purchaser record check fee funding which supports appropriations in five separate state agencies.

Under current law, when a firearms dealer sells a handgun, the dealer may not transfer

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

Joint Finance/Legislature: Make the following changes: (a) delete the creation of a "criminal justice program support" fund that would have combined the penalty surcharge and handgun purchaser record check fee funds into one aggregated fund; (b) delete the requirement that all unencumbered balances at the end of each fiscal year (in appropriations funded by penalty surcharge receipts and the handgun purchaser record check fee) revert to the "penalty surcharge receipts" appropriation under DOJ; (c) increase the handgun purchaser record check fee from \$8 to \$13 (instead of \$30); and (d) re-estimate increased revenue from the fee downward by \$629,100 annually to reflect anticipated revenue from a \$13 fee.

[Act 28 Section: 2453]

12. REIMBURSEMENT FOR COUNTY VICTIM AND WITNESS ASSISTANCE PROGRAMS [LFB Paper 514]

PR	\$1,624,500
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Governor/Legislature: Provide \$515,700 in 2009-10 and \$1,108,800 in 2010-11, to increase the amounts available to reimburse counties for up to 90% of their victim and witness assistance program costs. The revenue source would be anticipated increases in revenue from the crime victim and witness assistance surcharge. When a court imposes a sentence or places a person on probation, the court also imposes the crime victim and witness assistance surcharge.

13. CRIME VICTIM COMPENSATION AWARD FUNDING [LFB Paper 514]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$100,000	\$316,700	\$416,700
PR	\$821,800	\$0	\$821,800

Governor: Provide \$312,700 in 2009-10 and \$509,100 in 2010-11 to increase the amounts available to compensate crime victims under the crime victim compensation program. Increase "Part B" of the crime victim and witness assistance surcharge from \$20 to \$25. The Department of administration estimates that the surcharge increase will generate additional revenue of \$100,000 in 2010-11. Provide that 80% of Part B revenues, instead of 100% under prior law, be allocated for grants for sexual assault victim services. Provide that the remaining 20% of Part B

revenues be deposited to the crime victim and witness assistance surcharge, general services appropriation. Revenue deposited to this appropriation may be utilized for reimbursement payments to counties for victim and witness assistance programs and for crime victim compensation awards.

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. 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 addition, this surcharge is also assessed on certain civil convictions. The surcharge revenue from these civil convictions is also allocated to victim and witness assistance programs and for crime victim compensation awards. The additional \$20 (prior to Act 28) for both a misdemeanor and a felony violation is termed "Part B" of the surcharge. These additional surcharge amounts are authorized to fund the sexual assault victim services grant program.

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.

The Department of Justice indicates that the claims for compensation under the program have exceeded available revenue and created a deficit situation. The Department estimates that approval of the recommendation would permit program revenues to balance with program expenditures and halt the growth in the deficit for the program.

Joint Finance: Make the following changes: (a) re-estimate revenues from increasing Part B of the surcharge by \$5, to \$99,200 in 2009-10, and \$198,400 in 2010-11; (b) increase Part B of the surcharge by an additional \$2 to \$27; (c) estimate revenue from an additional \$2 increase to Part B at \$39,700 in 2009-10, and \$79,400 in 2010-11; (d) provide that 74% of Part B revenues, instead of 100% under prior law, be allocated for grants for sexual assault victim services; and (e) provide that the remaining 26% of Part B revenues be deposited to the crime victim and witness assistance surcharge, general services appropriations to fund victim and witness assistance programs and crime victim compensation awards.

Assembly/Legislature: Provide that, effective July 1, 2011, the first \$20 of each \$27 Part B crime victim and witness assistance surcharge be allocated for grants for sexual assault victim services. The remaining amounts collected under the Part B crime victim and witness assistance surcharge would be allocated for county victim and witness assistance programs and for crime victim compensation awards.

[Act 28 Sections: 537 thru 538c, 3388 thru 3391c, and 9430(1j)]

14. WISCONSIN STATEWIDE INFORMATION CENTER

	Funding	Positions
PR	\$1,010,800	5.00

Governor/Legislature: Provide \$505,400 and 5.0 positions annually in base funding and ongoing position authority for 1.0 special agent in charge, 1.0 special agent, and 3.0 criminal analysts that have been provided to the Wisconsin Statewide Information Center (WSIC) through federal homeland security grant funding administered by the Department of Administration's Office of Justice Assistance (OJA).

The WSIC is an all crimes, all hazards information sharing center that has a broad emergency response focus. In an emergency, it is the responsibility of the WSIC to provide "actionable information" to assist Wisconsin Emergency Management or other state and local agencies in developing a coordinated response to the emergency. It is also the responsibility of the WSIC to serve as the state agency intelligence lead for any criminal investigation resulting from a major incident. The WSIC receives and disseminates law enforcement and threat information, while facilitating information sharing between federal, state, and local law enforcement as well as emergency response agencies. The WSIC is also involved in assisting law enforcement agencies and prosecutors with ongoing criminal investigations.

15. INFORMATION TECHNOLOGY STAFF

	Funding	Positions
PR	-\$100,000	1.00

Governor/Legislature: Provide \$70,700 in 2009-10, \$94,300 in 2010-11, and 1.0 information systems development services specialist annually to increase available staff for Department IT projects. Delete \$120,700 in 2009-10 and \$144,300 in 2010-11 in supplies and services associated with estimated contract savings from reduced utilization of IT contractors.

16. COLLECTION OF TRAFFIC STOP DATA [LFB Paper 123]

Governor: Require all persons in charge of a law enforcement agency to obtain or cause to be obtained all of the following information with respect to each motor vehicle stop made on or after January 1, 2011, by law enforcement officers: (a) the name, address, gender, and race of the operator of the motor vehicle; (b) the reason that the officer stopped or detained the motor vehicle; (c) the make and year of the motor vehicle; (d) the date, time, and location of the motor vehicle stop; (e) whether or not a law enforcement officer conducted a search of the motor vehicle, the operator, or any passenger, and, if so, whether the search was by consent or by other means; (f) the name, address, gender, and race of any person searched; and (g) the name and badge number of the officer making the motor vehicle stop. Specify that if the race of the motor vehicle operator or any person searched is not available from any available electronic database or other similar source, the officer must subjectively select the person's race from the following list: (a) Caucasian; (b) African American; (c) Hispanic; (d) American Indian or Alaska Native; or (e) Asian or Pacific Islander.

Define the following terms: (a) "motor vehicle stop," a stop or detention of a motor

vehicle that is traveling in, or the detention of an occupied motor vehicle that is already stopped in, any public or private place in a county having a population of 125,000 or more, for the purpose of investigating any alleged or suspected violation of a state or federal law or city, village, town, or county ordinance; (b) "law enforcement agency," a governmental unit of one or more persons employed full-time by the federal government, a state or local unit of government for the purpose of preventing and detecting crime and enforcing federal or state laws or local ordinances, employees of which unit are authorized to make arrests for crimes while acting within the scope of their authority; and (c) "law enforcement officer," a person who is employed by a law enforcement agency for the purpose of detecting and preventing crime and enforcing laws or ordinances and who is authorized to make arrests for violations of the law or ordinances that the person is employed to enforce, whether that enforcement authority extends to all laws or ordinances or is limited to specific laws or ordinances.

Currently the following counties have a population of 125,000 or more: Brown, Dane, Kenosha, Marathon, Milwaukee, Outagamie, Racine, Rock, Washington, Waukesha, and Winnebago.

Require the person in charge of a law enforcement agency to submit the information obtained for motor vehicle stops to DOJ using the form and schedule prescribed by DOJ in administrative rule. Require DOJ to compile the motor vehicle stop information submitted by law enforcement agencies and analyze the information, along with any other relevant information, to determine, both for the individual law enforcement agency submitting information and as an aggregated total for all enforcement agencies submitting information, all of the following: (a) whether the number of motor vehicle stops and searches involving racial minorities was disproportionate to the number of motor vehicle stops and searches involving non-racial minorities, based on either: (i) an estimate of the population and characteristics of persons traveling on highways in the counties for which information is submitted; (ii) on an estimate of the populations and characteristics of persons traveling on highways in the counties for which information is submitted who are violating a law or ordinance; or (iii) on some other relevant population estimate; and (b) a determination as to whether any disproportion determined in the motor vehicle stop data is the result of racial profiling, racial stereotyping, or other race-based discrimination or selective enforcement.

Direct DOJ, on or before March 31, 2012, and on or before each March 31 thereafter, to prepare an annual report that summarizes the motor vehicle stop data for the year and describes the methods and conclusions of its analysis of the information. Require DOJ to submit the annual report to the Legislature, the Governor, and to the Director of State Courts.

Direct DOJ to promulgate rules to implement the requirements of the provision, including rules: (a) prescribing a form to use in obtaining motor vehicle stop data; and (b) establishing a schedule for submitting the information to DOJ. Require DOJ to make the form prescribed by its rules available to law enforcement agencies. Specify that DOJ may, by rule, require the collection of information in addition to the information required to be collected under this provision, if the Department determines that the information will help it to make the required determinations identified above.

Require the training program developed by the Law Enforcement Standards Board to include training concerning cultural diversity, including sensitivity toward racial and ethnic differences. Require that the training be designed to prevent the use of race, racial profiling, racial stereotyping, or other race-based discrimination or selection as a basis for detaining, searching, or arresting a person or for otherwise treating a person differently from persons of other races, and emphasizing the fact that the primary purposes of enforcement of traffic regulations are safety and equal and uniform enforcement under the law.

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

Joint Finance/Legislature: Delete provision (except for cultural diversity training). Instead, provide that, effective January 1, 2011, all law enforcement agencies statewide will be required to collect traffic stop data and forward this data to the Department of Administration's Office of Justice Assistance (OJA). Require OJA to analyze this data to determine whether the number of motor vehicle stops and searches involving motor vehicles operated or occupied by members of a racial minority is disproportionate to the number of motor vehicle stops and searches involving motor vehicles operated or occupied solely by persons who are not members of a racial minority. See "Administration--Office of Justice Assistance" for additional information.

[Act 28 Sections: 2450 and 9430(1)]

17. ASSISTANT DISTRICT ATTORNEY AND ASSISTANT STATE PUBLIC DEFENDER COMPENSATION

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
PR	\$1,000,000	-\$1,000,000	\$0

Joint Finance: Create an "assistant district attorney and public defender retention pay" PR continuing appropriation under DOJ to: (a) receive fund transfers from other DOJ appropriations and funds; and (b) allocate funds transferred to this appropriation to: (1) the "assistant district attorney retention pay" PR continuing appropriation under the district attorney (DA) program; and (2) the "assistant state public defender retention pay" appropriation under the Office of the State Public Defender (SPD). Beginning in 2010-11, require the Attorney General to transfer \$1 million annually to this DOJ appropriation from other DOJ appropriations and funds (other than federally-funded appropriations, sum sufficient appropriations, and funds that may constitutionally not be utilized for this purpose.). Provide \$1 million in expenditure authority to the DOJ appropriation beginning in 2010-11.

Require the Secretary of DOA, on behalf of district attorneys, and the State Public Defender to report to the Attorney General the number of full-time equivalent (FTE) assistant district attorney (ADA) and assistant state public defender (ASPD) positions that are filled as of June 30th of each year beginning June 30, 2011. On June 30th of each year beginning June 30,

2011, require the Attorney General to: (a) transfer to the "assistant district attorney retention pay" PR appropriation an amount equal to \$1 million multiplied by the percentage that current ADA FTEs make up of the total current ADA and ASPD FTEs; and (b) transfer to the "assistant state public defender retention pay" PR appropriation an amount equal to \$1 million multiplied by the percentage that current ASPD FTEs make up of the total current ADA and ASPD FTEs.

Each ADA would receive compensation from this funding equal to the percentage that his or her FTE position count makes up of the total current ADA FTE position count. Each ASPD would receive compensation from this funding equal to the percentage that his or her FTE position count makes up of the total current ASPD FTE position count. Specify that this increased compensation received by ADAs and ASPDs could not be considered during the course of collective bargaining negotiations by the Office of State Employment Relations.

Assembly/Legislature: Beginning in 2010-11, provide that the Attorney General may, but is not required to, transfer up to \$1 million annually to the DA program and to the SPD to provide increased compensation for ADAs and ASPDs. Amend the DOJ "assistant district attorney and public defender retention pay" PR appropriation by making it a continuing appropriation and deleting \$1 million in expenditure authority in 2010-11. The modifications to the DOJ appropriation reflect that, beginning in 2010-11, the annual level of fund transfers from DOJ to the DA and SPD programs for increased attorney compensation (up to \$1 million annually) would be determined by the Attorney General.

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

[Act 28 Vetoed Sections: 174 (as it relates to 20.455(3)(kb)), 535s, 542m, 598m, 2252m, 2443m, 3400p thru 3400v, 9413(1u), 9430(2u), and 9438(1u)]

18. CRIME ALERT NETWORK

Joint Finance/Legislature: Permit DOJ to develop, administer, and maintain an integrated crime alert network to provide information regarding known or suspected criminal activity, crime prevention, and missing or endangered children or adults to state agencies, law enforcement officers, and members of the private sector. Permit the Department to charge a fee to members of the private sector who participate in the network. Create a crime information alerts PR appropriation to receive and expend fees of those participating in the network, as well as gifts, grants, or donations received to support the network.

Veto by Governor [A-8]: Delete provision.

[Act 28 Vetoed Sections: 174 (as it relates to 20.455(2)(gp)), 525m, 535m, and 2447m]

LEGISLATURE

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$142,356,400	\$145,145,800	\$143,795,200	\$143,800,200	\$143,800,200	\$1,443,800	1.0%
PR	<u>4,008,800</u>	<u>3,870,300</u>	<u>3,935,300</u>	<u>3,935,300</u>	<u>3,935,300</u>	<u>- 73,500</u>	- 1.8
TOTAL	\$146,365,200	\$149,016,100	\$147,730,500	\$147,735,500	\$147,735,500	\$1,370,300	0.9%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
PR	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>0.00</u>
TOTAL	777.97	777.97	777.97	777.97	777.97	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 520]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$4,143,000	- \$1,350,600	\$2,792,400
PR	<u>- 98,500</u>	<u>0</u>	<u>- 98,500</u>
Total	\$4,044,500	- \$1,350,600	\$2,693,900

Governor: Provide standard adjustments to the base budget totaling \$2,071,500 GPR and -\$72,100 PR in 2009-10 and \$2,071,500 GPR and -\$26,400 PR in 2010-11. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (\$2,011,000 GPR and -\$110,200 PR annually); (b) turnover reduction (-\$119,700 GPR annually); (c) full funding of lease costs (\$180,200 GPR and \$12,500 PR annually); and (d) funding of position reclassifications (\$25,600 PR in 2009-10 and \$71,300 PR in 2010-11).

Joint Finance/Legislature: Reduce the Legislature's turnover by \$675,300 GPR annually as follows: (a) Assembly, \$302,200 GPR annually; (b) Senate, \$264,500 GPR annually; and (c)

Legislative Reference Bureau, \$108,600 GPR annually.

2. ACROSS-THE-BOARD 1% REDUCTIONS

GPR	- \$1,423,600
PR	- 40,000
Total	- \$1,463,600

Governor/Legislature: Delete \$731,800, annually (-\$711,800 GPR and -\$20,000 PR), as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General Program Operations, Assembly	\$25,235,000	-\$252,400*
GPR	General Program Operations, Senate	18,138,900	-181,400*
GPR	Legislative Documents	4,108,800	-41,100
GPR	Legislative Reference Bureau	6,053,700	-60,500*
GPR	Legislative Audit Bureau	6,027,400	-60,300*
GPR	Legislative Fiscal Bureau	3,802,800	-38,000*
GPR	Joint Legislative Council	3,830,200	-38,300*
GPR	Legislative Technology Services Bureau	3,766,700	-37,700*
GPR	Membership in National Organizations	214,700	-2,100*
PR	Legislative Audit Bureau, Reimbursable Audits	2,004,400	-20,000

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. MEMBERSHIP DUES APPROPRIATION

GPR	\$55,000
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Governor/Legislature: Provide \$23,000 in 2009-10 and \$32,000 in 2010-11 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 \$214,700 annually.

4. ACTUARIAL STUDY

GPR	\$15,000
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Governor/Legislature: Provide \$15,000 in 2009-10 for the Joint Legislative Council contractual studies appropriation to conduct actuarial studies. The biennial contractual studies appropriation has no base funding in the 2009-11 biennium.

5. AUDIT BUREAU RETIREMENT SYSTEM ACTUARIAL STUDY

PR	\$65,000
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Joint Finance/Legislature: Provide \$65,000 in 2010-11 to the Legislative Audit Bureau for the procurement of an actuarial audit of the Wisconsin Retirement System. Under s. 13.94(1)(dc), the Audit Bureau is required to conduct an actuarial audit of the Wisconsin Retirement System (WRS) at least every five years. The Department of Employee Trust Funds provides the LAB with the authorized funding for the audit and related contract administrator costs from the Public Employee Trust Fund.

6. INCREASED LEGISLATIVE LAPSE REQUIREMENT

GPR-Lapse \$12,205,000

Joint Finance/Legislature: Modify the 2009 Act 2 lapse requirement of \$500,000 for the Legislature to require an additional \$12,205,000 lapse amount attributable to forgoing the 2% pay increase (\$1,208,400 GPR annually), the 16-day furlough (\$1,239,100 GPR annually), and the additional across-the-board reductions (\$3,655,000 GPR annually). Under Act 2, the Co-Chairs of the Joint Committee on Legislative Organization are required to ensure that before July 1, 2011, \$500,000 from GPR appropriations to the Legislature is: (a) lapsed from sum certain appropriations; (b) subtracted from expenditure estimates of sum sufficient appropriations; or (c) some combination of (a) or (b).

Under the bill, the Act 2 amount would be increased by \$12,205,000 GPR.

[Act 28 Section: 3416f]

7. PROTECTIVE OCCUPATION NORMAL FORM ANNUITY ACTUARIAL STUDY

GPR	\$5,000
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Senate/Legislature: Provide \$5,000 in 2009-10 to the Joint Legislative Council appropriation account for contractual studies and request the Joint Survey Committee on Retirement Systems to contract for an actuarial study of the impact on the Wisconsin Retirement System (WRS) of increasing the initial amount of the normal form annuity from 65% of final average earnings to 70% of final average earnings for protective occupation participants who receive social security benefits and to report its findings to the Legislature before July 1, 2010.

[Act 28 Section: 9131(2g)]

8. OUT-OF-STATE TRAVEL BY EMPLOYEES OF LEGISLATIVE SERVICE AGENCIES

Conference Committee/Legislature: Specify that, during the 2009-11 biennium, no employee of the Legislative Reference Bureau, Legislative Fiscal Bureau, Legislative Audit Bureau, Legislative Technology Services Bureau and the Legislative Council staff may be reimbursed for any out-of-state travel expenses incurred, without the written approval of the Senate Committee on Organization and the Speaker of the Assembly.

[Act 28 Section: 9131(3q)]

LIEUTENANT GOVERNOR

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled Amount	Percent
GPR	\$834,400	\$772,200	\$870,400	\$870,400	\$781,600	- \$52,800	- 6.3%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
GPR	4.00	4.00	5.00	5.00	4.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$12,000
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Governor/Legislature: Provide adjustments to the base budget for full funding of salaries and fringe benefits (-\$6,000 annually).

2. ACROSS-THE-BOARD 1% REDUCTIONS

GPR	- \$8,400
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Governor/Legislature: Delete \$4,200, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reduction, by appropriation, is shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General Program Operations, Lieutenant Governor's Office	\$417,200	-\$4,200

3. ADDITIONAL 5% REDUCTION [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$41,800	\$41,800	\$0

Governor: Delete \$20,900, annually from the general program operations appropriation, as part of an additional 5% GPR reduction.

Joint Finance/Legislature: Delete provision.

4. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

GPR	-\$7,800
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Joint Finance/Legislature: Delete \$3,900 GPR annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

5. STATE EMPLOYEE FURLOUGH

GPR	-\$11,800
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Joint Finance/Legislature: Delete \$5,900 GPR annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium.

6. AGENCY 5.135% BUDGET REDUCTIONS

GPR	-\$42,800
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Joint Finance/Legislature: Delete \$21,400 annually relating to increased agency across-the-board reductions. The reduction is generally equivalent to 5.135% of base level funding. Annual reductions amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$417,200	-\$21,400

7. CONSTITUENT SERVICES POSITIONS

	Jt. Finance/Leg. (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$118,800	1.00	-\$88,800	-1.00	\$30,000	0.00

Joint Finance/Legislature: Provide \$51,000 in 2009-10 and \$67,800 in 2010-11 and 1.0 position annually for constituent services and external relations in the Office of the Lieutenant Governor.

Veto by Governor [C-14]: Delete \$36,000 in 2009-10 and \$52,800 in 2010-11 from the general program operations appropriation of the Office of the Lieutenant Governor. The Governor's veto message indicates that the Secretary of the Department of Administration is directed to not allocate these funds or authorize the additional 1.0 position. The Governor's item veto does not remove the entire amount of funding provided by the Legislature. As a result, \$15,000 annually in increased funding is provided for the Office of the Lieutenant Governor. The veto message indicates that "the remaining amount will ensure the Office's current 3.0 FTE positions are funded."

[Act 28 Vetoed Section: 176 (as it relates to s. 20.540(1)(a))]

LOWER WISCONSIN STATE RIVERWAY BOARD

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled Amount	Percent
SEG	\$380,200	\$417,600	\$405,400	\$405,400	\$405,400	\$25,200	6.6%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
SEG	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$41,200
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Governor/Legislature: Provide \$20,600 annually from the conservation fund (75% water resources and 25% forestry account) for full funding of continuing salaries and fringe benefits (\$19,600) and full funding of lease costs and directed moves (\$1,000).

2. ACROSS-THE-BOARD 1% REDUCTIONS

SEG	- \$3,800
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Governor/Legislature: Delete \$1,900, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reduction is shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
SEG	General Program Operations - Conservation Fund	\$190,100	-\$1,900*

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

SEG	- \$4,800
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Joint Finance/Legislature: Delete \$2,400 SEG annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

4. STATE EMPLOYEE FURLOUGH

SEG	- \$7,400
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Joint Finance/Legislature: Delete \$3,700 SEG annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium.

MEDICAL COLLEGE OF WISCONSIN

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over <u>Base Year Doubled</u>	
						Amount	Percent
GPR	\$14,234,200	\$14,793,700	\$14,724,800	\$14,724,800	\$14,724,800	\$490,600	3.4%
PR	<u>500,000</u>	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>- 5,000</u>	- 1.0
TOTAL	\$14,734,200	\$15,288,700	\$15,219,800	\$15,219,800	\$15,219,800	\$485,600	3.3%

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

Budget Change Items

1. DEBT SERVICE REESTIMATE

GPR	\$1,156,200
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Governor/Legislature: Reestimate debt service costs by \$506,300 in 2009-10 and \$649,900 in 2010-11.

2. ACROSS-THE-BOARD 1% REDUCTIONS

GPR	- \$108,600
PR	<u>- 5,000</u>
Total	- \$113,600

Governor/Legislature: Delete \$54,300 GPR and \$2,500 PR annually as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Family medicine education	\$3,371,900	-\$33,800
GPR	General program operations	2,052,500	-20,500
PR	Breast cancer research	250,000	-2,500

3. ADDITIONAL BASE BUDGET REDUCTIONS [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$488,100	\$488,100	\$0

Governor: Delete \$216,900 in 2009-10 and \$271,200 in 2010-11. Reductions are shown by appropriation in the table below. The appropriation for general program operations provides tuition assistance for resident students enrolled at the Medical College of Wisconsin.

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>2009-10</u>	<u>2010-11</u>
GPR	Family medicine education	\$3,371,900	-\$134,900	-\$168,600
GPR	General program operations	2,052,500	-82,000	-102,600

Joint Finance/Legislature: Delete provision.

4. AGENCY 5.135% BUDGET REDUCTIONS

GPR	- \$557,000
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Joint Finance/Legislature: Delete \$278,500 annually relating to increased agency across-the-board reductions. The reductions are equivalent to 5.135% of base level funding. Annual reduction amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Family medicine education	\$3,371,900	-\$173,100
GPR	General program operations	2,052,500	-105,400

5. ELIMINATE CERTAIN REPORTING REQUIREMENTS

Governor: Delete the current law requirement that the Medical College of Wisconsin (MCW) biennially report to the Governor and the Joint Committee on Finance the following information: (a) the number and percentages of Wisconsin residents enrolled; (b) the placement of graduates of Doctor of Medicine and residency training programs; and (c) a financial summary.

Under this provision, current law would continue to require MCW to report biennially to the Governor and the Joint Committee on Finance the following information: (a) minority student recruitment policies and programs and the number of minority students enrolled; (b) average faculty salaries compared to national averages; and (c) the development of cooperative educational programs with other institutions throughout this state. In addition, MCW would continue to be required to report to the Governor and the chief clerk of each house of the Legislature by October 15 of each even-numbered year the following information: (a) the financial status of the family practice residency sites; (b) the number of family practice residents choosing to practice in medically underserved areas of the state upon graduation; and (c) the number of graduates entering family practice as a career.

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

MILITARY AFFAIRS

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$42,242,600	\$44,580,200	\$44,124,000	\$44,124,000	\$44,124,000	\$1,881,400	4.5%
FED	98,217,800	101,705,600	100,603,400	100,603,400	100,603,400	2,385,600	2.4
PR	15,240,000	15,388,700	14,588,600	14,588,600	14,588,600	- 651,400	- 4.3
SEG	<u>949,000</u>	<u>1,169,200</u>	<u>1,939,400</u>	<u>1,939,400</u>	<u>1,939,400</u>	<u>990,400</u>	104.4
TOTAL	\$156,649,400	\$162,843,700	\$161,255,400	\$161,255,400	\$161,255,400	\$4,606,000	2.9%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	88.82	88.82	88.82	88.82	88.82	0.00
FED	281.50	279.75	280.75	280.75	280.75	- 0.75
PR	61.79	47.79	47.79	47.79	47.79	- 14.00
SEG	<u>0.00</u>	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	432.11	417.36	417.36	417.36	417.36	- 14.75

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments to the base totaling \$332,600 GPR, \$1,743,900 FED and -\$18,700 PR and -2.0 FED and -3.0 PR positions in 2009-10 and \$332,600 GPR, \$1,743,900 FED and -\$816,000 PR and -2.75 FED and -14.0 PR positions in 2010-11. Adjustments are for: (a) turnover reduction (-\$101,800 GPR and -\$252,800 FED annually); (b) removal of noncontinuing items (-\$281,000 PR and -2.0 FED and -3.0 PR positions in 2009-10 and -\$1,078,300 PR and -2.75 FED and -14.0 PR positions in 2010-11); (c) full funding of continuing salaries and fringe benefits (\$397,000 GPR, \$1,508,000 FED, and \$216,500 PR annually); (d) overtime (\$37,400 GPR, \$417,400 FED, and \$42,600 PR annually); and (e) night and weekend differential (\$71,300 FED and \$3,200 PR annually).

	Funding	Positions
GPR	\$665,200	0.00
FED	3,487,800	- 2.75
PR	<u>- 834,700</u>	<u>- 14.00</u>
Total	\$3,318,300	- 16.75

2. ACROSS-THE-BOARD 1% REDUCTIONS

GPR	- \$244,600
PR	- 152,600
SEG	- 9,600
Total	- \$406,800

Governor/Legislature: Delete \$122,300 GPR, \$76,300 PR, and \$4,800 SEG annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General Program Operations	\$5,650,900	-\$56,500*
GPR	Repair and Maintenance	734,200	- 8,200
GPR	Energy Costs	2,967,300	- 29,700*
GPR	Emergency Management Operations	839,700	- 8,400*
GPR	Regional Response Teams	1,400,000	- 14,000
GPR	Emergency Response Equipment	468,000	- 4,700
GPR	Emergency Response Training	64,900	- 600
GPR	Civil Air Patrol Grant	19,000	- 200
PR	Military Property	585,000	- 5,900*
PR	Intergovernmental Relations	288,100	- 2,900*
PR	Armory Store Operations	245,200	- 2,500
PR	State Agency Services	68,300	- 700
PR	Emergency Management Program Services	3,082,800	- 30,800
PR	Emergency Planning Administration	937,000	- 9,400*
PR	Emergency Planning Grants	834,700	- 8,300
PR	Challenge Academy	1,578,900	- 15,800*
SEG	Petroleum Inspection	466,800	- 4,700
SEG	Response Training	7,700	- 100

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

GPR	- \$180,200
FED	- 507,800
PR	- 104,000
Total	- \$792,000

Joint Finance/Legislature: Delete \$396,000 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$90,100 GPR, \$253,900 FED, and \$52,500 PR.

4. STATE EMPLOYEE FURLOUGH

GPR	- \$276,000
FED	- 778,000
PR	- 159,000
Total	- \$1,213,000

Joint Finance/Legislature: Delete \$606,500 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$138,000 GPR, \$389,000 FED, and \$79,500 PR.

5. DEBT SERVICE REESTIMATES

GPR	\$1,323,100
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Governor/Legislature: Reestimate debt service costs related to National Guard facilities operated by the Department by \$648,000 in 2009-10 and \$675,100 in 2010-11. Base level funding for agency debt service is \$3,789,700 annually.

6. FUEL AND UTILITY COST INCREASES

GPR	\$593,900
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Governor/Legislature: Provide \$238,300 in 2009-10 and \$355,600 in 2010-11 for increased fuel and utility costs at agency facilities. Base level funding for the agency energy costs is \$2,967,300.

7. MILITARY PROPERTY INCREASED EXPENDITURE AUTHORITY [LFB Paper 540]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$170,400	-\$170,400	\$0

Governor: Provide \$85,200 annually to allow the Department to expend increased revenues from military property for unspecified maintenance and repair cost increases. Base level funding for this appropriation is \$164,300 annually. The appropriation receives revenues from the rental of state-owned lands and buildings, and uses these revenues to maintain the properties.

Joint Finance/Legislature: Delete provision.

8. BILLETING SERVICES INCREASED EXPENDITURE AUTHORITY

PR	\$165,600
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Governor/Legislature: Provide \$82,800 annually for increased billeting services expenditures. Revenues would be expended on increased costs for operation of the guest services at the Wisconsin Military Academy. Base level funding is \$420,700 annually. Revenues are received from guest food and hotel-type services provided by the Department to individuals staying at the Academy.

9. RADIOLOGICAL EMERGENCY PREPAREDNESS FUNDING [LFB Paper 541]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$800,000	-\$366,700	\$433,300

Governor: Provide \$400,000 annually for unspecified costs for the radiological emergency

preparedness (REP) program. The program is designed to plan for, and respond to, both natural and man-made threats to two nuclear power plants in Wisconsin (Kewaunee and Point Beach) and one in Minnesota (Prairie Island). Revenue for the program is negotiated annually between the State and the power companies which own the nuclear power plants. Based on these negotiations, the power companies provide the program revenue for the program. State agency staff for the program are divided between DMA and the Department of Health Services (DHS).

Joint Finance/Legislature: Delete: (a) \$100,000 annually budgeted to the DHS program for contingency funding; (b) \$72,000 annually budgeted to the DMA program for unanticipated expenses; and (c) \$22,700 in expenditure authority in 2010-11 for amounts not needed to maintain video teleconferencing equipment in the state emergency operations center as well as emergency operations centers in Manitowoc, Pierce, and Kewaunee Counties.

Approve funding totaling \$228,000 in 2009-10, and \$205,300 in 2010-11, as identified in the following table.

Utilization of Increased Expenditure Authority for the REP Program

<u>Item</u>	<u>2009-10</u>	<u>2010-11</u>
DMA--REP Program		
<i>Contract to Retain & Train Two Local Hazardous Materials Teams</i>	\$50,000	\$50,000
<i>Training and Communications Equipment</i>		
Videoteleconferencing Equipment for State & County Emergency Operations Centers	\$42,700	\$20,000
Travel Costs for WEM Staff	10,000	10,000
Computers & GIS Software	10,000	10,000
Brown County Emergency Reception Center	5,000	5,000
Brochures for Local Government	2,800	2,800
DOA Chargebacks and Dues and Subscriptions	<u>1,500</u>	<u>1,500</u>
Subtotal	\$72,000	\$49,300
<i>Meeting Federal Requirements</i>		
LTEs to Complete Prep Work for Required Exercises	\$44,000	\$44,000
Identify & Track Required Training, Including Development of Training Database	<u>25,000</u>	<u>25,000</u>
Subtotal	\$69,000	\$69,000
<i>Training & Travel for WEM REP Staff</i>	\$7,000	\$7,000
Total Annual DMA Funding	\$198,000	\$175,300
DHS--REP Program		
Transfer 0.5 Nuclear Engineering Ph.D. Position from GPR to PR	\$30,000	\$30,000
Total Funding	\$228,000	\$205,300

10. EMERGENCY MANAGEMENT INITIATIVE [LFB Paper 542]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$0	1.00	\$183,600	1.00	\$183,600	2.00
SEG	229,800	1.00	-229,800	-1.00	0	0.00
Total	\$229,800	2.00	-\$46,200	0.00	\$183,600	2.00

Governor: Provide \$114,900 SEG and 2.0 positions annually (1.0 FED and 1.0 SEG position) to assist DMA in carrying out its responsibilities under the four phases of emergency management: (a) mitigation (identifying possible hazards and eliminating or reducing the risks posed by those hazards); (b) preparedness (developing response plans for possible emergencies, conducting training and exercises, and identifying resources that would be needed for possible emergency scenarios); (c) response (initial response of state and local government to a natural or man-made disaster); and (d) recovery (assisting individuals, businesses, and governmental units to repair and rebuild following a disaster). The position authority and associated funding would be utilized to create an additional regional director as well as a public information officer assistant.

Create the "Division of emergency management operations; petroleum inspection fund" SEG appropriation, authorizing DMA to expend provided expenditure authority for the general program operations of Wisconsin Emergency Management (WEM). Funding for the appropriation would be provided from the petroleum inspection fund.

The federal funding for the initiative would come from the Federal Emergency Management Planning Grant (EMPG) Program. The bill does not provide additional expenditure authority to expend federal funding.

Under current law, WEM is authorized 64.55 full-time equivalent positions.

Joint Finance/Legislature: Delete \$114,900 SEG and 1.0 SEG position annually associated with the creation of a Southwest Region Director. [For purposes of carrying out its emergency management responsibilities, WEM has divided the state into six regions.] Delete the creation of a "Division of emergency management operations; petroleum inspection fund" SEG appropriation which would have been utilized to provide the funding for the position.

Provide \$39,300 FED in 2009-10, and \$52,500 FED in 2010-11, in federal EMPG funding to support the creation of the public information officer assistant. In addition, provide \$39,300 FED in 2009-10, and \$52,500 FED in 2010-11, in federal EMPG funding to support the creation of a 1.0 FED public assistance officer position. The duties of the public assistance officer would be to process damage and reimbursement claims following a presidential disaster declaration under federal law, as well as processing payment claims under the state's major disaster assistance program.

11. MAJOR DISASTER ASSISTANCE PROGRAM

SEG	\$1,000,000
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Joint Finance/Legislature: Provide \$1,000,000 in 2009-10 to the major disaster assistance SEG continuing appropriation to provide additional funding for the major disaster assistance program. Funding would be provided from the petroleum inspection fund. Any funds not expended in 2009-10, would be available to the program in subsequent years.

The state's major disaster assistance program makes payments to local units of government for their damages and costs incurred as the result of a major catastrophe if federal disaster assistance is not available. Eligible costs of local units of government under the state program include: (a) debris removal, to include woody debris, building wreckage, dirt, gravel, vehicles, and other disaster-related materials; (b) emergency protective measures to eliminate or reduce immediate threats to life, public health, or safety or a hazard that threatens significant damage to improved public or private property; and (c) damages to roads and bridges.

12. STATE MATCHING FUNDS FOR FEDERAL DISASTER AID [LFB Paper 543]

Joint Finance/Legislature: Direct DMA during the 2009-11 biennium, prior to expending any amount in excess of \$1,347,000 annually from its disaster recovery aid GPR sum sufficient appropriation to report to the Joint Committee on Finance: (a) indicating the amount of required additional funding necessary to match federal disaster aid; (b) when the required match funding will be needed; and (c) if any potential funding source in lieu of GPR may be utilized to provide the required match.

Under current law this GPR sum sufficient appropriation provides required state matching funds for federal disaster assistance. The base funding estimate for this appropriation is \$1,347,000 GPR annually. By statute, DMA provides the full 25% match for federal individual assistance under this appropriation. For federal aid to local units of government under the public assistance and hazard mitigation assistance programs, DMA provides no more than 12.5% of the required 25% federal match. The remaining match funding under these programs is provided by local units of government receiving the disaster funds.

Veto by Governor [C-15]: Delete provision.

[Act 28 Vetoed Section: 9136(1x)]

13. TAX CHECK-OFF FOR MILITARY FAMILIES

Assembly: Create a tax check-off on individual income tax forms for contributions to a newly-created military family relief fund. Create a segregated military family relief fund under the administration of the Department of Military Affairs (DMA) for the payment of financial assistance to military families and for the administrative costs that DMA incurs in making these payments. Specify that the fund is comprised of moneys contributed from donations on individual income taxes as well as all donations, gifts, or bequests made to the fund.

Require DMA to provide financial aid to eligible members of the immediate family of members of the U.S. armed forces or of the National Guard who are residents of this state and are serving on active duty in the U.S. armed forces. Require DMA to promulgate rules establishing the criteria and the amount of financial aid. Define "immediate family" as the spouse and dependant children of a service member who are residents of Wisconsin. Specify that DMA may promulgate emergency rules without proving an emergency exists. [See General Fund Taxes - Income and Franchise Taxes for more information.]

Senate: Delete provision.

Conference Committee/Legislature: Include Assembly provision.

[Act 28 Sections: 540s, 602s, 665ss, 668s, 1593e, 2773s, 9136(2c), and 9343(5c)]

MISCELLANEOUS APPROPRIATIONS

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over	
						Base Year Doubled Amount	Percent
GPR	\$305,467,600	\$333,352,600	\$333,358,800	\$336,697,200	\$336,697,200	\$31,229,600	10.2%
SEG	<u>57,302,000</u>	<u>57,490,100</u>	<u>57,449,400</u>	<u>57,449,400</u>	<u>57,449,400</u>	<u>147,400</u>	0.3
TOTAL	\$362,769,600	\$390,842,700	\$390,808,200	\$394,146,600	\$394,146,600	\$31,377,000	8.6%

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

Budget Change Items

1. CANCELLED DRAFTS

GPR	\$1,500,000
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Governor/Legislature: Provide \$750,000 annually for estimated expenditures from the sum sufficient appropriation for re-issuance of state checks originally issued against other GPR-funded appropriations. In general, any state checks that have not been cashed within 12 months of their issuance are canceled and the funds are credited to the state's general fund as GPR-Earned. Where situations warrant the issuance of a new check, GPR-funded checks are paid the GPR canceled drafts appropriation. Under the bill, total expenditures for this purpose are estimated at \$2,025,000 annually.

2. NONPOINT ACCOUNT TRANSFER

GPR	- \$1,522,600
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Governor/Legislature: Reduce by \$761,300 (5.6%) the annual sum-certain GPR transfer to the nonpoint account of the segregated environmental fund. Under the bill, the GPR transfer to the nonpoint account would be reduced from \$13,625,000 in 2008-09 to \$12,863,700 each year.

3. OIL PIPELINE TERMINAL TAX DISTRIBUTION

GPR	- \$652,000
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Governor/Legislature: Decrease estimated expenditures by \$363,500 in 2009-10 and \$288,500 in 2010-11 to reflect oil pipeline terminal tax payments of \$825,000 in 2009-10 and \$900,000 in 2010-11. The oil pipeline terminal tax distribution provides payments to municipalities where oil pipeline terminal facilities are located. The payment equals a proportionate share of the pipeline company's state tax payment based on the terminal facility's historical cost as a percentage of the gross book value of the pipeline company in Wisconsin.

4. TRANSFERS TO THE CONSERVATION FUND [LFB Paper 568]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$215,800	\$0	-\$215,800
SEG	<u>-343,700</u>	<u>-40,700</u>	<u>-384,400</u>
Total	-\$559,500	-\$40,700	-\$600,200

Governor: Reestimate the revenue to the segregated snowmobile, all-terrain vehicle (ATV), and water resources accounts of the conservation fund from the recreational vehicle fuel tax transfer based on the current fuel tax rate and the estimated number of registered motorboats, snowmobiles, and ATVs as follows:

	<u>Base</u>	<u>2009-10</u>		<u>2010-11</u>	
		<u>Change to Base</u>	<u>Total</u>	<u>Change to Base</u>	<u>Total</u>
Snowmobile Transfer	\$4,499,000	\$155,700	\$4,654,700	\$179,000	\$4,678,000
ATV Transfer	1,877,200	-12,800	1,864,400	43,100	1,920,300
Water Resources Transfer	<u>13,894,200</u>	<u>-388,200</u>	<u>13,506,000</u>	<u>-320,500</u>	<u>13,573,700</u>
Total	\$20,270,400	-\$245,300	\$20,025,100	-\$98,400	\$20,172,000

Also, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by -\$63,500 GPR (to \$89,800) in 2009-10 and -\$152,300 GPR (to \$1,000) in 2010-11.

Joint Finance/Legislature: Provide \$83,400 SEG in 2009-10 and decrease funding in 2010-11 by \$124,100 SEG to reflect anticipated fuel tax revenues transferred to the conservation fund.

	<u>2009-10</u>			<u>2010-11</u>		
	<u>Governor</u>	<u>Jt. Finance/ Legislature</u>	<u>JFC/Leg. Change to Governor</u>	<u>Governor</u>	<u>Jt. Finance/ Legislature</u>	<u>JFC/Leg. Change to Governor</u>
Snowmobile Transfer	\$4,654,700	\$4,836,700	\$182,000	\$4,678,000	4,845,100	\$167,100
ATV Transfer	1,864,400	1,799,100	-65,300	1,920,300	1,792,200	-128,100
Water Resources Transfer	<u>13,506,000</u>	<u>13,472,700</u>	<u>-33,300</u>	<u>13,573,700</u>	<u>13,410,600</u>	<u>-163,100</u>
Total	\$20,025,100	\$20,108,500	\$83,400	\$20,172,000	\$20,047,900	-\$124,100

5. MARQUETTE DENTAL SCHOOL DEBT SERVICE

GPR	\$1,400
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Governor/Legislature: Increase funding by \$3,200 in 2009-10 and decrease funding by \$1,800 in 2010-11 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. Under the bill, debt service for Marquette Dental School would total \$996,000 in 2009-10 and \$991,000 in 2010-11.

6. RAIL PROPERTY TERMINAL TAX REESTIMATE

SEG	\$658,200
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Governor/Legislature: Provide \$244,100 in 2009-10 and \$414,100 in 2010-11 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 \$1,703,000 in 2009-10 and \$1,873,000 in 2010-11. 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. 1% REDUCTION IN PETROLEUM INSPECTION TO TRANSPORTATION FUND TRANSFER

SEG	-\$126,400
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Governor/Legislature: Delete \$63,200 annually to reduce the amount transferred from the segregated petroleum inspection fund to the transportation fund by 1%, from \$6,321,700 to \$6,258,500 per year.

8. ELECTION CAMPAIGN FUND REESTIMATE [LFB Paper 403]

GPR	-\$78,800
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Joint Finance/Legislature: Reduce estimated transfers from the election campaign payments sum sufficient appropriation by \$39,400 annually to \$203,500, to reflect the reduced current level of \$1 individual income tax check-off designations to the Wisconsin Election Campaign Fund (WECF).

Under current law, a taxfiler may designate on his or her individual income tax return that \$1 be transferred from the general fund to the WECF. Since the check-off does not affect taxpayer refunds or liabilities, an amount equivalent to the number of designations is transferred annually to the WECF from the election campaign payments sum sufficient appropriation. During the 2008-09 state fiscal year, the transfer from the election campaign payments sum sufficient appropriation to the WECF equaled \$203,500.

9. DEPARTMENT OF ADMINISTRATION -- ONE-TIME GRANTS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
GPR	\$85,000	\$5,000	\$90,000

Joint Finance: Create an annual GPR appropriation with \$85,000 in 2009-10 to fund one-time grants administered by the Department of Administration for the following local purchases and projects.

- a. *Wisconsin Indianhead Technical College.* Provide \$25,000 to the Wisconsin Indianhead Technical College -- Ladysmith Branch for a job retraining program to help dislocated workers in Rusk County;
- b. *Love Incorporated Food Bank.* Provide \$10,000 to the Love Incorporated Food Bank in Burlington in Racine County;
- c. *Union Grove Food Bank.* Provide \$5,000 to the Union Grove Food Bank in Racine County;
- d. *Rio Food Pantry.* Provide \$5,000 to the Rio Area Food Pantry;
- e. *Lodi Food Pantry.* Provide \$5,000 to the Lodi Food Pantry;
- f. *City of Racine.* Provide \$25,000 to the City of Racine for new programming for the Root River Environmental Education Community Center; and
- g. *Beckman Mill Park.* Provide \$10,000 to the Friends of Beckman Mill for restoration and renovation activities at Beckman Mill Park in Rock County.

Senate/Legislature: Provide \$5,000 for a one-time grant in 2009-10 to the Human Concerns of South Milwaukee Food Pantry.

[Act 28 Sections: 632g and 9157(2u)]

10. GRANTS FOR ENGINEERING PURPOSES

GPR	\$3,333,400
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Conference Committee/Legislature: Provide \$1,666,700 in 2009-10 and in 2010-11 in an annual appropriation for grants over three years to a municipality or a non-profit organization in a city of the first class (Milwaukee) for the purposes of furthering engineering to meet the needs of businesses and the state. Sunset the appropriation on June 30, 2012. Specify that the Secretary of Administration would distribute these moneys.

[Act 28 Section: 632e]

11. OTHER MISCELLANEOUS APPROPRIATION CHANGES

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

NATURAL RESOURCES

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$308,638,800	\$262,179,700	\$261,729,000	\$262,775,000	\$262,775,000	-\$45,863,800	- 14.9%
FED	149,117,800	163,601,700	153,527,900	153,602,900	153,602,900	4,485,100	3.0
PR	78,169,400	75,965,400	71,715,200	71,715,200	71,715,200	- 6,454,200	- 8.3
SEG	<u>629,944,200</u>	<u>661,820,000</u>	<u>653,054,400</u>	<u>655,474,400</u>	<u>655,474,400</u>	<u>25,530,200</u>	4.1
TOTAL	\$1,165,870,200	\$1,163,566,800	\$1,140,026,500	\$1,143,567,500	\$1,143,567,500	-\$22,302,700	- 1.9%
BR		\$21,000,000	\$22,000,000	\$22,000,000	\$22,000,000	\$1,000,000	

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
FED	482.35	461.10	461.11	462.37	462.37	- 19.98
PR	267.14	258.64	260.14	260.14	260.14	- 7.00
SEG	<u>1,699.19</u>	<u>1,651.38</u>	<u>1,647.97</u>	<u>1,647.97</u>	<u>1,647.97</u>	<u>- 51.22</u>
TOTAL	2,745.53	2,660.07	2,658.17	2,671.17	2,671.17	- 74.36

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide an increase of \$8,691,800 in 2009-10 and \$8,703,100 in 2010-11 with the deletion of 8.75 project positions for adjustments to the base budget as follows: (a) -\$3,214,100 annually for turnover reduction (-\$398,900 GPR,

	Funding	Positions
GPR	\$580,800	0.00
FED	8,760,500	- 8.00
PR	453,400	0.00
SEG	<u>7,600,200</u>	<u>- 0.75</u>
Total	\$17,394,900	- 8.75

-\$408,300 FED, -\$162,700 PR, -\$2,244,200 SEG annually); (b) -\$1,523,400 SEG in 2009-10 with a reduction of 3.75 project positions (3.0 FED and 0.75 SEG) and -\$1,699,500 (-\$176,100 FED, -\$1,523,400 SEG) in 2010-11 with a reduction of 8.75 project positions (8.0 FED and 0.75 SEG) for removal of non-continuing elements from the base; (c) \$8,566,900 annually for full funding of continuing salaries and fringe benefits (\$499,400 GPR, \$4,833,700 FED, \$381,200 PR, and \$2,852,600 SEG); (d) \$3,206,800 annually (\$8,200 PR and \$3,198,600 SEG) for overtime; and (e) \$1,655,600 (\$189,900 GPR, \$42,900 FED, and \$1,422,800 SEG) in 2009-10 and \$1,843,000 (\$189,900 GPR, \$42,900 FED, and \$1,610,200 SEG) in 2010-11 for full funding of lease and directed moves.

2. ACROSS-THE-BOARD 1% REDUCTIONS

Governor/Legislature: Delete \$3,452,200 annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

GPR	- \$685,200
PR	- 781,800
SEG	- 5,437,400
Total	- \$6,904,400

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
Land and Forestry Division			
GPR	Parks program operations	\$5,664,800	-\$56,600
GPR	Endangered resources natural heritage inventory program	255,900	-2,600
GPR	Land division operations	5,900	-100
PR	Elk management	105,000	-1,000*
PR	Reintroduction of whooping cranes	63,700	-600*
PR	Land division operations - private and public sources	640,200	-6,400*
PR	Land division operations - service funds	801,600	-8,000*
SEG	Reforestation	101,500	-1,000
SEG	Forestry recording fees	90,000	-900
SEG	Forestry education curriculum	200,000	-2,000
SEG	Forestry public education	200,000	-2,000
SEG	Forestry management plans	320,000	-3,200
SEG	Endangered resources program	1,798,800	-18,000
SEG	Habitat conservation plan fees	10,000	-100
SEG	Pheasant restoration	208,800	-2,100
SEG	Wild turkey restoration	762,400	-7,600*
SEG	Wetlands habitat improvement	343,400	-3,400*
SEG	Aquatic and terrestrial resources inventory	129,800	-1,300
SEG	Pheasant stocking and propagation	270,000	-2,700*
SEG	Rental property and equipment	8,400	-100
SEG	Taxes and assessments	300,000	-3,000
SEG	Trapper education program	49,000	-500*
SEG	Beaver control	36,600	-400
SEG	Control of wild animals	249,400	-2,500*
SEG	State snowmobile trails and areas	211,800	-2,100
SEG	State all-terrain vehicle projects	313,600	-3,100
SEG	Land division -- conservation fund	40,018,500	-400,100
SEG	Forestry program operations	52,254,700	-522,500*
Air and Waste Division			
GPR	Air management - motor vehicle emission inspection	66,100	-700
GPR	Division operations	1,718,800	-17,200*
PR	Air management - federally-regulated stationary sources	9,402,900	-94,000
PR	Air management - state-regulated stationary sources	1,320,900	-13,200*
PR	Air management - asbestos management	464,100	-4,600*

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
Air and Waste Division (continued)			
PR	Air management - recovery of ozone-depleting refrigerants	\$142,300	-\$1,400*
PR	Air management - construction permit review and enforcement	2,267,300	-22,700
PR	Solid and hazardous waste operations	3,409,700	-34,100
PR	Remediated property (brownfields) fees	815,500	-8,200*
PR	Mining regulation and administration	121,600	-1,200*
PR	Funds from other agencies	100,000	-1,000
SEG	Air management - vapor recovery administration	94,000	-900*
SEG	Air management - mobile sources	1,334,800	-13,300*
SEG	State-funded environmental response and cleanup	2,441,700	-24,400*
SEG	Remediation and redevelopment operations	1,488,000	-14,900*
SEG	Dry cleaner environmental response operations	162,700	-1,600*
SEG	Recycling operations	1,309,800	-13,100*
SEG	Division operations - environmental management account	3,275,800	-32,800*
SEG	Brownfields program operations	376,000	-3,800
SEG	Transfer from petroleum inspection fund to environmental fund	1,049,400	-10,500
Enforcement and Science Division			
GPR	Division operations	3,317,100	-33,200
PR	Snowmobile enforcement and safety -- tribal gaming	1,223,600	-12,200*
PR	Enforcement - stationary sources	107,400	-1,100*
PR	Operator certification fees	89,800	-900
PR	Environmental impact - power projects	27,800	-300*
PR	Laboratory certification	726,400	-7,300*
PR	Division operations private and public sources	398,600	-4,000*
PR	Division operations funds from other entities	1,487,700	-14,900*
SEG	Boat enforcement and safety training	2,925,700	-29,200*
SEG	All-terrain vehicle enforcement	1,287,200	-12,900*
SEG	Education and safety programs	341,000	-3,400
SEG	Water resources enforcement	210,600	-2,100
SEG	Lake research voluntary contributions	69,300	-700*
SEG	Division operations - environmental management account	1,202,600	-12,000*
SEG	Recycling enforcement and research	292,300	-2,900*
SEG	Pollution prevention operations	94,400	-900
SEG	Division operations - nonpoint source account	420,900	-4,200*
SEG	Division operations - conservation fund	20,844,900	-208,400*
SEG	Water resources public health	25,000	-300
Water Division			
GPR	Water resources - remedial action	142,500	-1,400
GPR	Division operations - state funds	16,991,900	-169,900
PR	Great Lakes protection fund	229,000	-2,300
PR	Water regulation and zoning - fees	837,500	-8,400*
PR	Storm water management - fees	1,734,000	-17,300
PR	Wastewater management - fees	168,400	-1,700
PR	Groundwater quality administration	518,100	-5,200*
PR	Groundwater quantity research	100,000	-1,000
PR	Fishery resources for ceded territories	166,600	-1,700*
PR	Division operations - private and public sources	231,800	-2,300*
PR	Division operations - service funds	595,500	-5,900*
SEG	Lake, river and invasive species management	3,308,700	-33,100
SEG	Dam safety and wetland mapping	669,000	-6,700
SEG	Commercial fish protection and Great Lakes resource surcharge	5,600	-100
SEG	Great Lakes trout and salmon	1,284,900	-12,800*
SEG	Trout habitat improvement	1,294,000	-12,900*
SEG	Sturgeon stock and habitat	136,600	-1,400*
SEG	Sturgeon stock and habitat inland waters	137,300	-1,400

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
	Water Division (continued)		
SEG	Division operations - environmental management account	\$4,522,200	-\$45,200*
SEG	Division operations - nonpoint source account	557,100	-5,600*
SEG	Division operations - conservation fund	17,548,900	-175,400
SEG	Transfer from petroleum inspection fund to environmental fund	557,100	-7,700
	Conservation Aids		
GPR	Wild rivers interpretive center	27,000	-300
SEG	Canadian agencies migratory waterfowl aids	169,200	-1,700
SEG	County conservation aids	150,000	-1,500
SEG	Fish, wildlife and forestry recreation aids	234,500	-2,300
SEG	Ice age trail area grants	75,000	-800
SEG	Forest grants	1,710,000	-17,100
SEG	Nonprofit conservation organization grants	235,000	-2,400
SEG	Forestry resource aids	150,000	-1,500
SEG	Urban land conservation	75,000	-800
SEG	Forest croplands and managed forest land aids	1,250,000	-12,500
SEG	County forest loans	622,400	-6,200
SEG	County forest project loans	400,000	-4,000
SEG	Urban forestry, county forestry & forest administrator grants	2,128,100	-21,300
SEG	County snowmobile trail and area aids	2,500,400	-25,000
SEG	ATV project aids	2,000,000	-20,000
SEG	ATV landowner incentive program	410,000	-4,100
SEG	Supplemental snowmobile trail aids	537,300	-5,400
SEG	ATV safety program	300,000	-3,000
SEG	Aids in lieu of taxes	4,000,000	-40,000
SEG	Boating enforcement aids	1,400,000	-14,000
SEG	ATV enforcement aids	500,000	-5,000
SEG	Snowmobile enforcement aids	400,000	-4,000
SEG	Wildlife damage claims and abatement	3,675,000	-36,800
SEG	Wildlife abatement and control grants	25,000	-300
SEG	Venison processing	600,000	-6,000
SEG	Venison processing voluntary contributions	15,000	-200
	Environmental Aids		
GPR	Nonpoint source grants	839,400	-8,400
GPR	Local water quality planning grants	269,200	-2,700
PR	Groundwater mitigation and local assistance	512,100	-5,100
SEG	Lake protection	2,675,400	-26,800
SEG	Invasive aquatic species and lake monitoring	4,300,000	-43,000
SEG	River protection	292,400	-2,900
SEG	River protection, nonprofit organization contracts	75,000	-800
SEG	Recycling grants for municipalities	31,000,000	-310,000
SEG	Well contamination and abandonment grants	294,000	-2,900
SEG	Urban nonpoint source grants	1,399,000	-14,000
SEG	Dry cleaner environmental response awards	1,220,000	-12,200
SEG	Brownfield site assessment grants	1,700,000	-17,000
SEG	Brownfields green space grants	500,000	-5,000
	Debt Service and Development		
GPR	Resource maintenance and development	894,400	-8,900
GPR	Facilities acquisition development and maintenance	170,900	-1,700
PR	Resource acquisition and development -service funds	1,000,000	-10,000
SEG	Boating access to southeastern lakes	100,000	-1,000
SEG	Resource acquisition and development - conservation fund	898,100	-9,000
SEG	Boating access	200,000	-2,000
SEG	Mississippi and St. Croix rivers management	62,500	-600
SEG	Facilities acquisition development and maintenance conservation fund	376,800	-3,800

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
Administration and Technology			
GPR	Division operations	\$2,723,200	-\$27,200*
PR	Division operations - service funds	5,120,700	-51,200*
PR	Geographic information systems operations - other funds	38,700	-400
PR	Geographic information systems operations, service funds	1,728,600	-17,300*
SEG	Promotional activities and publications	83,000	-800
SEG	Statewide recycling administration	281,900	-2,800*
SEG	Division operations - mobile sources	738,700	-7,400*
SEG	Division operations - conservation fund	15,833,300	-158,300*
SEG	Division operations - environmental fund	1,157,100	-11,600*
Customer Service and Employee Assistance			
GPR	Division operations - state funds	1,168,600	-11,700
PR	Education programs - program fees	65,000	-700*
PR	Approval fees to Lac du Flambeau band - tribal gaming	100,000	-1,000
PR	Division operations - stationary sources	446,300	-4,500*
PR	Division operations - private and public sources	40,000	-400
PR	Division operations - service funds	1,736,300	-17,400*
SEG	Handling fees	154,000	-1,500
SEG	Fee amounts for statewide automated license issuing system	2,892,000	-28,900
SEG	Natural resources magazine	963,000	-9,600*
SEG	Statewide recycling administration	459,600	-4,600*
SEG	Division operations - mobile sources	180,300	-1,800*
SEG	Division operations - conservation fund	11,861,900	-118,600*
SEG	Division operations - environmental fund	995,600	-9,900*
SEG	Snowmobile recreation aids administration	195,900	-2,000
SEG	Dry cleaner environmental response aids administration	77,600	-800*
Total			-\$3,452,200

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. OPERATIONS AND GRANT PROGRAM REDUCTIONS

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	-\$4,841,300	-7.90	\$3,425,600	0.00	-\$1,415,700	-7.90
FED	-530,300	-3.00	0	0.00	-530,300	-3.00
PR	-66,400	-0.50	0	0.00	-66,400	-0.50
SEG	<u>-7,552,800</u>	<u>-12.80</u>	<u>0</u>	<u>0.00</u>	<u>-7,552,800</u>	<u>-12.80</u>
Total	-\$12,990,800	-24.20	\$3,425,600	0.00	-\$9,565,200	-24.20

Governor: In addition to the across-the-board 1% reductions, reduce the following DNR program operations and grants appropriations:

<u>Fund</u>	<u>Appropriation</u>	<u>2009-10 Reduction</u>	<u>2010-11 Reduction</u>	<u>Biennial Total</u>	<u>Position Reduction</u>
Land and Forestry Divisions					
GPR	Parks program operations	-\$623,900	-\$623,900	-\$1,247,800	-4.0
GPR	Endangered resources natural heritage inventory program	-12,800	-12,800	-25,600	0.0
GPR	Land division operations	-300	-300	-600	0.0
SEG	Land division operations	-520,400	-520,400	-1,040,800	0.0
SEG	Forestry operations	-1,142,900	-1,243,700	-2,386,600	-2.0
Air and Waste Division					
FED	Division operations	-64,200	-128,400	-192,600	-1.0
GPR	Motor vehicle emission inspection and maintenance	-3,300	-3,300	-6,600	0.0
GPR	Division operations	-85,900	-85,900	-171,800	0.0
PR	Air management - stationary sources	-33,200	-33,200	-66,400	-0.5
SEG	Operations - environmental management account	-102,400	-204,800	-307,200	-2.0
Enforcement and Science Division					
GPR	Division operations	-215,500	-215,500	-431,000	-0.5
SEG	Division operations - conservation fund	-145,400	-245,700	-391,100	-3.0
Water Division					
GPR	Water resources - remedial action	-7,100	-7,100	-14,200	0.0
GPR	Division operations	-941,000	-1,001,200	-1,942,200	-1.4
SEG	Fisheries operations	-355,200	-355,200	-710,400	0.0
Conservation Aids					
GPR	Wild rivers interpretive center	-1,400	-1,400	-2,800	0.0
SEG	Fish, wildlife and forestry recreation grants	-120,000	-120,000	-240,000	0.0
SEG	Forest grants	-545,000	-545,000	-1,090,000	0.0
SEG	Recreational boating grants	-222,000	-222,000	-444,000	0.0
Environmental Aids					
GPR	Nonpoint source grants	-42,000	-42,000	-84,000	0.0
GPR	Local water quality planning grants	-13,500	-13,500	-27,000	0.0
Debt Service and Development					
GPR	Resource maintenance and development	-44,700	-44,700	-89,400	0.0
GPR	Facilities acquisition development and maintenance	-8,500	-8,500	-17,000	0.0
Administration and Technology					
GPR	Division operations	-136,200	-136,200	-272,400	0.0
Customer Service and Employee Assistance					
FED	Indirect cost reimbursements	-112,600	-225,100	-337,700	-2.0
GPR	Division operations	-189,100	-319,800	-508,900	-2.0
SEG	Division operations - conservation fund	<u>-314,300</u>	<u>-628,400</u>	<u>-942,700</u>	<u>-5.8</u>
	Total	-\$6,450,800	-\$7,436,000	-\$13,886,800	-24.2

Joint Finance/Legislature: Restore \$1,712,800 GPR annually as shown below.

<u>Fund</u>	<u>Appropriation</u>	<u>Annual Restoration</u>
GPR	Parks program operations	\$283,200
GPR	Endangered resources natural heritage inventory program	12,800
GPR	Land division operations	300
GPR	Motor vehicle emission inspection and maintenance	3,300
GPR	Air and waste division operations	85,900
GPR	Enforcement and science division operations	165,900
GPR	Water resources - remedial action	7,100
GPR	Water division operations	849,600
GPR	Wild rivers interpretive center	1,400
GPR	Nonpoint source grants	42,000
GPR	Local water quality planning grants	13,500
GPR	Resource maintenance and development	44,700
GPR	Facilities acquisition development and maintenance	8,500
GPR	Administration and technology division operations	136,200
GPR	Customer and employee assistance division operations	<u>58,400</u>
	Total	\$1,712,800

4. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$3,160,900 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$372,700 GPR, \$553,100 FED, \$326,800 PR, and \$1,908,300 SEG.

GPR	- \$745,400
FED	- 1,106,200
PR	- 653,600
SEG	<u>- 3,816,600</u>
Total	- \$6,321,800

5. STATE EMPLOYEE FURLOUGH

Joint Finance/Legislature: Delete \$4,845,400 annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$571,100 GPR, \$848,000 FED, \$501,000 PR, and \$2,925,300 SEG.

GPR	- \$1,142,200
FED	- 1,696,000
PR	- 1,002,000
SEG	<u>- 5,850,600</u>
Total	- \$9,690,800

6. AGENCY 5.135% BUDGET REDUCTIONS

Joint Finance/Legislature: Delete \$6,258,300 annually relating to increased agency across-the-board reductions. The reductions are equivalent to 5.135% of base level funding. The annual reductions include \$1,775,100 GPR, \$1,433,400 PR, and \$3,049,800 SEG. Reduction amounts are as follows:

GPR	- \$3,550,200
PR	- 2,866,800
SEG	<u>- 6,099,600</u>
Total	- \$12,516,600

<u>Fund</u>	<u>Appropriation</u>	<u>Annual Reduction</u>
	Land and Forestry Divisions	
GPR	Parks program operations	-\$290,900
GPR	Endangered resources--natural heritage inventory program	-13,100
PR	Elk management	-5,400
PR	Reintroduction of whooping cranes	-3,300
PR	Land division operations--private and public sources	-32,900
PR	Land division operations--service funds	-41,200

<u>Fund</u>	<u>Appropriation</u>	<u>Annual Reduction</u>
	Air and Waste Division	
PR	Air management--state regulated stationary sources	-\$67,800
PR	Air management -- asbestos management	-23,800
SEG	Air management--vapor recovery administration	-4,800
SEG	Air management--mobile sources	-68,500
GPR	Air management - motor vehicle emission inspection & maintenance	-3,400
PR	Air management -- recovery of ozone-depleting refrigerants	-7,300
PR	Air management--permit review and enforcement	-116,400
PR	Solid and hazardous waste operations	-175,100
PR	Remediated property (brownfields) fees	-41,900
SEG	State-funded environmental response and cleanup	-125,400
SEG	Remediation and redevelopment operations	-76,400
SEG	Dry cleaner environmental response operations	-8,400
SEG	Recycling operations	-67,300
GPR	Division operations--state funds	-88,300
PR	Division operations--service funds	-5,100
SEG	Division operations - environmental management account	-168,200
SEG	Brownfields program operations	-19,300
SEG	Transfer from petroleum inspection fund to environmental fund	-53,900
	Enforcement and Science Division	
PR	Snowmobile enforcement and safety training service funds	-62,800
PR	Operator certification fees	-4,600
PR	Laboratory certification	-37,300
GPR	Division operations-- state funds	-170,300
PR	General program operations -- private and public sources	-20,500
PR	Division operations funds from other entities	-76,400
SEG	Division operations -- environmental fund	-61,800
SEG	Recycling enforcement and research	-15,000
SEG	Pollution prevention operations	-4,800
SEG	Division operations - nonpoint source account	-21,600
	Water Division	
GPR	Water resources - remedial action	-7,300
PR	Water resources - Great Lakes protection fund	-11,800
PR	Water regulation and zoning - fees	-43,000
PR	Storm water management - fees	-89,000
PR	Wastewater management - fees	-8,600
PR	Groundwater quality administration	-26,600
PR	Groundwater quantity research	-5,100
PR	Fishery resources for ceded territories	-8,600
GPR	Division operations -- state funds	-872,500
PR	Division operations--private and public sources	-11,900
PR	Division operations--service funds	-30,600
SEG	Division operations -- environmental management account	-232,200
SEG	Division operations -- nonpoint source account	-28,600
SEG	Transfer from petroleum inspection fund to environmental fund	-39,400
	Conservation Aids	
GPR	Wild rivers interpretive center	-1,400
	Environmental Aids	
GPR	Nonpoint source grants	-43,100
SEG	Recycling grants for municipalities	-1,591,900
SEG	Well contamination and abandonment grants	-15,100
GPR	Local water quality planning grants	-13,800
SEG	Urban nonpoint source grants	-71,800
PR	Groundwater mitigation and local assistance	-26,300
SEG	Dry cleaner environmental response awards	-62,600

<u>Fund</u>	<u>Appropriation</u>	<u>Annual Reduction</u>
SEG	Brownfield site assessment grants	-\$87,300
SEG	Brownfields green space grants	-25,700
Debt Service and Development		
GPR	Resource maintenance and development - state funds	-45,900
GPR	Facilities acquisition, development and maintenance- general fund	-8,800
GPR	Resource maintenance and development - state park, forest & riverway roads	-16,500
Administration and Technology		
SEG	Statewide recycling administration	-14,500
GPR	Division operations--state funds	-139,800
PR	Division operations--service funds	-262,900
SEG	Division operations -- mobile sources	-37,900
SEG	Division operations -- environmental fund	-59,400
PR	Geographic information systems, general program operations - other funds	-2,000
PR	Geographic information systems, general program operations -- service funds	-88,800
Customer Service and Employee Assistance		
PR	Approval fees to Lac du Flambeau band-service funds	-5,100
SEG	Statewide recycling administration	-23,600
GPR	Division operations - state funds	-60,000
PR	Division operations -- private and public sources	-2,100
PR	Division operations -- service funds	-89,200
SEG	Division operations - mobile sources	-9,300
SEG	Division operations - environmental fund	-51,100
SEG	Dry cleaner environmental response aids administration	<u>-4,000</u>
Total		-56,258,300

7. TRANSFERS BETWEEN APPROPRIATIONS

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

	<u>Amount</u>	<u>FTE</u>	<u>Funding Source</u>	<u>Transfer From</u>	<u>Transfer To</u>
CAES Division Reorganization Human Resources	\$272,700	3.25	Conservation Fund SEG	Administration and Technology Operations	Customer and Employee Services Operations
Finance	\$132,000	2.15	Conservation Fund SEG	Administration and Technology Operations	Customer and Employee Services Operations
Financial Specialist	\$46,700	1.0	Conservation Fund SEG	Customer and Employee Service Operations	Administration and Technology Operations
Customer Services Representative	\$50,500	1.0	GPR	Administration and Technology Operations	Customer and Employee Service Operations
Southeast Regional Headquarters Rental Costs	\$247,300	0.00	Environmental Fund SEG	Facility Rental Costs	General Maintenance Operations
Forestry Division	\$190,700	2.0	Conservation Fund SEG	Administration and Technology Operations	Forestry Operations
Fisheries Biologist	\$75,600	1.0	FED	Watershed Management	Fisheries Management
Policy Initiatives Advisor	\$68,100	1.0	FED	Education and Information	Administration

CAES Division Reorganization. In 2005, the Department combined the Administration and Technology Division and the Customer and External Relations Division to form what is currently known as the Customer and Employee Services (CAES) division. The transfers between bureaus in the CAES division shown in the table are part of an effort to align positions with the supervisory reporting structure.

Transfer \$272,700 SEG from an appropriation split-funded from the conservation fund that supports general operations in administration and technology with 3.25 human resources positions to customer and employee services general operations. The transfers include 0.75 natural resources educator from Human Resources to Education and Information, 1.0 integrated systems development staff and 0.5 natural resources financial assistance specialist from Human Resources to Community Financial Assistance, and 1.0 training officer from Human Resources to Customer Service and Licensing.

In addition, transfer \$132,000 SEG with 2.15 positions from administration and technology to customer and employee services. The transfers include: 1.0 natural resources financial assistance specialist from the Bureau of Technology Services to Community Financial Assistance, 1.0 program assistant from Finance to CAES Program Management and 0.15 natural resources financial assistance specialist from Finance to Community Financial Assistance.

Transfer \$46,700 SEG with 1.0 financial specialist position from customer and employee services operations to administration and technology operations.

In addition, transfer \$50,500 GPR with 1.0 position from administration and technology operations to customer and employee services operations.

Southeast Regional Headquarters and Service Center. Transfer \$247,300 SEG from facility rental costs to general maintenance operations. In the 2007-09 budget, a relocation was planned for the DNR Southeast Regional Headquarters and Service Center, which was expected to result in a new lease with increased rental costs. A transfer of operations spending authority related to building security, snowplowing and maintenance was done in the 2007-09 budget in anticipation of the increased rental costs. However, the relocation has not yet occurred, and it is unclear when it will occur. Therefore, the act would reverse the previous spending authority transfer.

Forestry. Transfer \$190,700 SEG with 2.0 positions from administration and technology operations to forestry operations. The positions include 1.0 program and policy analyst from Management and Budget and 1.0 natural resources financial assistance specialist from the Bureau of Technology Services.

Fisheries Biologist. Transfer \$75,600 FED with 1.0 fisheries biologist position from watershed management to fisheries management.

Policy Initiatives Advisor. Transfer \$68,100 with 1.0 position from a federal indirect funded appropriation in customer and employees services to a federal indirect funded appropriation in administration and technology. The policy initiatives advisor will be transferred from

Education and Information to Administration.

8. TRANSFERS WITHIN APPROPRIATIONS

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

	<u>Amount</u>	<u>FTE</u>	<u>Funding Source</u>	<u>Transfer From</u>	<u>Transfer To</u>
Modifications to 2007-09 Budget					
Pheasant stocking and propagation	\$199,200	0.00	SEG	Supplies and Services	Salary and Fringe Benefits
Pheasant restoration	199,200	0.00	SEG	Salary and Fringe Benefits	Supplies and Services
State ATV trails	80,000	0.00	SEG	Local Assistance	Supplies and Services
Air and Waste					
Division operations- environmental fund	17,400	0.16	SEG	Waste Management	Remediation and Redevelopment
Water					
Division Operations- state funds	61,300	1.00	GPR	Watershed Management	Water Program Management
Division Operations- state funds	79,600	1.00	GPR	Fisheries Management	Watershed Management
Division Operations-federal funds	84,100	1.00	FED	Fisheries Management	Watershed Management
Administration and Technology					
Operations- conservation fund	26,100	0.50	SEG	Finance	Human resources
Operations- conservation fund	34,000	0.50	SEG	Bureau of Technology Svcs.	Administration
Operations- conservation fund	15,000	0.00	SEG	Finance	Administration
Operations- conservation fund	50,000	0.00	SEG	Finance	Legal Services
Operations- conservation fund	10,200	0.00	SEG	Human Resources	Finance
Indirect cost reimbursements	34,000	0.50	FED	Finance	Administration
Indirect cost reimbursements	101,000	1.00	FED	Administration	Human resources
Indirect cost reimbursements	10,200	0.00	FED	Finance	Human resources
Indirect cost reimbursements	50,000	0.00	FED	Legal Services	Finance
Indirect cost reimbursements	15,000	0.00	FED	Administration	Finance
Customer and Employee Services					
Operations- conservation fund	80,400	1.50	SEG	Customer Service and Licensing	CAES Program Management

Modifications to 2007-09 Budget. In the 2007-09 budget, 3.0 wildlife biologist positions were transferred 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 (40% to wild pheasant restoration and 60% to pheasant stocking and propagation). Although the positions were transferred, the spending authority was not placed in the proper funding line. This transfer moves \$199,200 SEG from the supplies line in the pheasant stocking and propagation appropriation to the salary and fringe lines and does the opposite for the wild pheasant restoration appropriation. In addition, the 2007-09 budget provided \$80,000 forestry SEG for the development of all-terrain vehicle trails in northern forests. The spending authority was placed on the local assistance line (to be used to provide grants to local governments) instead of on the supplies line, where DNR would utilize it for ATV trail development.

Air and Waste. Transfer \$17,400 environmental fund SEG and 0.16 hydrogeologist position from Waste Management to Remediation and Redevelopment in an appropriation related to air and waste operations.

Water. Make the following transfers within a split-funded appropriation in the conservation fund related to water division operations: transfer \$61,300 and 1.0 executive staff assistant position from Watershed Management to Water Program Management and \$79,600 and 1.0 natural resources program manager from Fisheries Management to Watershed Management. In addition, transfer \$84,100 and 1.0 water resources management specialist position from Fisheries to Watershed Management within a federal appropriation related to water division operations.

Administration and Technology. Make the following transfers within a split-funded appropriation in the conservation fund related to administration and technology operations: transfer \$26,100 and 0.5 risk management specialist position from Finance to Human Resources; \$34,000 and 0.5 natural resources financial assistance specialist position from Bureau of Technology Services to Administration; \$15,000 in supply line funding from Finance to Administration; \$50,000 in supply line funding from Finance to Legal Services; and \$10,200 in LTE and fringe benefit funds from Human Resources to Finance. In addition, make the following transfers within a federal indirect appropriation: \$34,000 and 0.5 natural resources financial assistance specialist from Finance to Administration; \$101,000 and 1.0 equal opportunity program specialist from Administration to Human Resources; \$10,200 in LTE and fringe benefits funding from Finance to Human Resources; \$50,000 in supplies and services from Legal Services to Finance; and \$15,000 in supplies and services from Administration to Finance.

Customer and Employee Services. Within an appropriation split-funded from the conservation fund related to customer and employee services operations, transfer \$60,700 and 1.0 program assistant and \$19,700 and 0.5 shipping and mailing associate from Customer Services to CAES Program Management.

9. AIDS IN LIEU OF PROPERTY TAXES

GPR	\$4,700,000
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Governor/Legislature: Provide \$1,650,000 in 2009-10 and \$3,050,000 2010-11 to reflect estimated aids in lieu of property tax payments. Total payments for aids in lieu of property taxes are estimated to be \$11.6 million in 2009-10 and \$13 million in 2010-11 (with \$3,960,000 annually being paid from forestry account SEG and the remainder from a sum sufficient GPR appropriation).

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.

10. DEBT SERVICE REESTIMATES

GPR	- \$12,500,500
SEG	<u>5,136,000</u>
Total	- \$7,364,500

Governor/Legislature: Provide -\$1,477,600 in 2009-10 (-\$3,239,900 GPR, and \$1,762,300 SEG) and -\$5,886,900 in 2010-11 (-\$9,260,600 GPR and \$3,373,700 SEG) to fund estimates of principal repayment and interest on state issued general obligation bonds. Debt service estimates include adjustments for administrative facilities, conservation land acquisition, dam repair and removal, environmental repair, rural and urban non-point source grants, combined sewer overflow, municipal clean drinking water, and pollution abatement grants.

11. DNR SERVICE CENTERS -- WALK-IN SERVICE CLOSURE [LFB Papers 555 and 556]

	Governor (Chg. to Base)		Jt. Finance (Chg. to Gov)		Legislature (Chg. to JFC)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$0	0.00	\$696,000	11.74	\$696,000	11.74
FED	- 312,500	- 5.00	- 8,000	0.01	75,000	1.26	- 245,500	- 3.73
SEG	<u>- 2,900,000</u>	<u>- 46.40</u>	<u>- 75,300</u>	<u>0.09</u>	<u>0</u>	<u>0.00</u>	<u>- 2,975,300</u>	<u>- 46.31</u>
Total	- \$3,212,500	- 51.40	- \$83,300	0.10	\$771,000	13.00	- \$2,524,800	- 38.30

Governor: Delete \$580,000 SEG and \$62,500 FED in 2009-10 and \$2,320,000 SEG and \$250,000 FED in 2010-11 and 46.4 SEG and 5.0 FED positions annually related to the closure of walk-in services at 24 DNR service centers throughout the state. Walk-in services would remain available at the six DNR regional offices (although staffing would be reduced by 8.75 positions) and the DNR headquarters in Madison.

Currently, DNR customer service and licensing staff provide walk-in services at the following 24 service centers: Antigo, Ashland, Baldwin, Black River Falls, Cumberland, Dodgeville, Hayward, Horicon, Janesville, LaCrosse, Ladysmith, Oshkosh, Park Falls, Peshtigo, Plymouth, Poynette, Sturgeon Bay, Sturtevant, Superior, Waukesha, Wausau, Wautoma, Wisconsin Rapids, and Woodruff. At each walk-in counter, customers may currently purchase hunting and fishing licenses, special hunting tags and stamps, park stickers, nonresident snowmobile trail passes, ATV trail passes, and bike trail passes. In addition, walk-in counter staff process recreational vehicle registrations for boats, snowmobiles, and ATVs. They also issue dog training permits and open burning permits as well as issue pamphlets and answer questions related to DNR regulations and license issues. The bill would eliminate walk-in counter service at these 24 service center locations by April 2010. Three staff would remain to provide counter service at each of the six regional offices at Fitchburg, Milwaukee, Eau Claire, Green Bay, Spooner, and Rhinelander. The central office in Madison also provides walk-in counter service five days per week.

Joint Finance: Adjust the Governor's recommendation to correct the associated positions and supplies funding. Delete an additional \$16,700 (\$1,600 FED and \$15,100 SEG) in 2009-10 and delete \$66,600 (\$6,400 FED and \$60,200 SEG) in 2010-11. Further, restore 0.01 FED and 0.09 SEG positions to reflect the staffing related to closing walk-in counter service at 24 DNR regional service centers, and reduced counter staffing levels at six regional headquarters.

In addition, require DNR to submit a plan to the Governor, Joint Committee on Finance, and the appropriate standing committees, by the first day of the second month after enactment of the budget, which specifies how DNR will address customers who request assistance at service centers after walk-in counter service has been eliminated. Further, require that, if DNR establishes a system to authorize and train vehicle dealers to register all-terrain vehicles (ATV), boats, and snowmobiles at their dealerships, DNR must authorize and train those recreational vehicle dealers that are nearest to the DNR service centers where counter service has been eliminated before other dealers.

Assembly: Provide \$595,100 GPR and \$64,100 FED in 2009-10 and \$2,380,200 GPR and \$256,400 FED with 46.31 GPR and 4.99 FED positions annually to maintain current walk-in counter service at DNR service centers throughout the state.

Further, delete the requirement that DNR submit a plan specifying how the Department would address customers at service centers after walk-in counter service had been eliminated, and delete the requirement that DNR authorize and train recreational vehicle dealers nearest to DNR service centers where counter service had been eliminated to register all-terrain vehicles (ATV), boats, and snowmobiles at their dealerships before other dealers.

Senate: Delete the Assembly provision.

Conference Committee/Legislature: Restore \$152,000 in 2009-10 (\$137,000 GPR and \$15,000 FED) and \$619,000 in 2010-11 (\$559,000 GPR and \$60,000 FED) and 13.0 positions for the following:

a. Maintain current walk-in counter service staff at the Black River Falls and Superior service centers (open four days each week).

b. Provide approximately one-third of walk-in counter service resources at the remaining 22 DNR service centers. (These service center counters will generally be open one to one and one-half days per week, on average, beginning in April, 2010, rather than three to five days per week currently.)

c. Maintain the reduction of 8.75 positions at the six DNR regional headquarters. Three counter staff will remain at each regional headquarters. Regional headquarters will maintain counter service five days per week.

d. Provide 4.0 new staff positions for statewide training efforts (eight other positions will be maintained as counter staff, rather than being converted to call center or training positions).

e. Delete the requirement that DNR submit a plan to address walk-in service closures and to give priority to training recreational vehicle dealers near closed service center counters.

The act restores a portion of federal funding and provides GPR funding, to maintain approximately one-third of current service center walk-in counter staff. In addition, four training staff will assist participating sales agents statewide in the set-up and operation of the

Automated License Issuing System and provide training for recreational vehicle dealers. Currently, over 1,500 agents contract with DNR to operate ALIS terminals, including gas stations, marinas, bait shops, sporting goods stores, and chain stores. In addition, DNR will provide training to recreational vehicle dealers to register recreational vehicles on-site. The following resources are provided for continued counter service at the 30 service centers.

DNR Walk-in Counter Service and Training Resources

	<u>Base</u>	<u>Fiscal Year 2010-11</u>	<u>Act 28 Change to Base</u>	<u>Base Positions</u>	<u>Fiscal Year 2010-11 Positions</u>	<u>Act 28 Change to Base Positions</u>
24 Service Centers	\$2,965,400	\$1,150,000	-\$1,815,400	54.55	21.00	-33.55
Six Regional Headquarters	1,436,500	1,029,600	-406,900	26.75	18.00	-8.75
Agent Training	<u>0</u>	<u>204,700</u>	<u>204,700</u>	<u>0.00</u>	<u>4.00</u>	<u>4.00</u>
Total	\$4,401,900	\$2,384,300	-\$2,017,600	81.30	43.00	-38.30
GPR	\$0	\$559,000	\$559,000	0.00	11.74	11.74
SEG	3,973,800	1,593,600	-2,380,200	73.39	27.08	-46.31
FED	<u>428,100</u>	<u>231,700</u>	<u>-196,400</u>	<u>7.91</u>	<u>4.18</u>	<u>-3.73</u>
Total	\$4,401,900	\$2,384,300	-\$2,017,600	81.30	43.00	-38.30

[Act 28 Section: 9137(6q)]

12. FLEET RATE INCREASE [LFB Paper 557]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$58,000	-\$29,000	\$29,000
SEG	<u>1,314,200</u>	<u>-657,000</u>	<u>657,200</u>
Total	\$1,372,200	-\$686,000	\$686,200

Governor: Provide \$686,100 annually (\$29,000 PR and \$657,100 SEG) for fleet rate increases. DNR reports fleet rates were increased by 48.5% for fiscal year 2008-09 due to a decline in available reserve funds combined with increasing fleet acquisition, maintenance, and insurance costs.

Joint Finance/Legislature: Reduce the amount provided by \$343,000 annually (\$14,500 PR and \$328,500 SEG). As a result, \$14,500 PR and \$328,600 SEG will be provided annually for increased fleet rate costs as follows:

	<u>Governor</u>	<u>Act 28</u>
Program Revenue	\$29,000	\$14,500
Segregated Revenue		
Conservation Fund	609,700	304,800
Petroleum Inspection Fund	16,300	8,200
Environmental Fund	29,300	14,700
Recycling Fund	<u>1,800</u>	<u>900</u>
Total	\$686,100	\$343,100

13. CONVERT WATERSHED MANAGEMENT ANALYST POSITION FROM PR TO FED

	Funding	Positions
PR	-\$169,600	- 1.00
FED	<u>169,600</u>	<u>1.00</u>
Total	\$0	0.00

Governor/Legislature: Convert \$84,800 annually with 1.0 program and planning analyst position in the Bureau of Watershed Management from PR to FED. The position administers the State Floodplain Management and the National Flood Insurance Program for FEMA in Wisconsin. Previously, the position was funded via a transfer of federal FEMA funds from Wisconsin Emergency Management to DNR. Currently, DNR receives funding for the position directly from FEMA.

14. CONSOLIDATED BILLING TRANSFER

	Positions
PR	- 0.50
SEG	<u>0.50</u>
Total	0.00

Governor/Legislature: Convert a 0.5 position from PR to environmental fund SEG. Currently, the position is authorized in the DNR lab certification program. The act shifts \$20,400 in existing environmental fund supply funding to permanent salary and fringe benefits to support the half-time position (the same amount will be shifted from salaries to supplies for lab certification). The position will coordinate the Department's environmental fee billing and collection processes.

15. CHIEF LEGAL ADVISOR [LFB Paper 115]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$359,000	1.00	-\$359,000	- 1.00	\$0	0.00

Governor: Provide \$179,500 annually with 1.0 attorney position in DNR. Specify that the DNR Secretary may appoint a chief legal advisor from the unclassified service.

Joint Finance/Legislature: Delete provision.

16. CAR-KILLED DEER FUNDING AND TRANSFER [LFB Paper 753]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,029,200	\$1,019,000	-\$10,200
SEG	<u>1,008,800</u>	<u>-1,019,000</u>	<u>-10,200</u>
Total	-\$20,400	\$0	-\$20,400

Governor: Provide \$509,500 SEG annually from the transportation fund and delete \$514,600 GPR each year to reflect the transfer of car-killed deer removal funding from the general fund to the transportation fund, notwithstanding a current law provision that restricts the use of transportation fund revenues to a list of statutorily-enumerated transportation programs and functions. Further, reduce the car-killed deer conservation fund appropriation by \$5,100 SEG annually. Funding for the car-killed deer removal program would total \$1,019,000 annually under the bill, funded equally between the transportation fund and the fish and wildlife account of the conservation fund.

The car-killed deer removal appropriation has been funded by GPR since 1997. However, prior to 1996 Act 27, the expenditure had been supported by the transportation fund. This item is part of an initiative to convert several appropriations from the general fund to the transportation fund. A summary listing of these appropriations is shown in an item titled "Use of Transportation Fund Revenues for General Fund Purposes," which can be found under the "Transportation Finance" section of the "Department of Transportation."

Joint Finance/Legislature: Delete \$509,500 transportation SEG annually and provide the same amount of GPR annually for car-killed deer removal.

17. ROAD REPAIR AND MAINTENANCE [LFB Paper 753]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$642,800	\$5,940,000	\$5,297,200
SEG	<u>5,940,000</u>	<u>-5,940,000</u>	<u>0</u>
Total	\$5,297,200	\$0	\$5,297,200

Governor: Provide \$2,970,000 transportation fund SEG annually for state forest, park, and riverway road maintenance and delete base level funding of \$321,400 GPR annually.

The state forest, park, and riverway road maintenance appropriation has been funded by GPR since 1997. However, prior to 1996 Act 27, the expenditure had been supported by the transportation fund. This item is part of an initiative to convert several appropriations from the general fund to the transportation fund. A summary listing of these appropriations is shown in an item titled "Use of Transportation Fund Revenues for General Fund Purposes," which can be found under the "Transportation Finance" section of the "Department of Transportation."

Joint Finance/Legislature: Delete \$2,970,000 transportation fund SEG annually and

provide the same amount of GPR annually for state forest, park, and riverway road maintenance.

18. STEWARDSHIP REPORTING REQUIREMENTS

Joint Finance/Legislature: Delete the requirement that DNR make available a published directory of all stewardship land that is open for public access. In addition, delete the requirement that DNR prepare a report to the Legislature that identifies all lands acquired using stewardship funds before October 27, 2007, for which public access has been restricted or prohibited and the reasons for the restriction. Further, change the requirement that DNR submit a report to the Joint Committee on Finance that lists all stewardship land acquired during the preceding fiscal year where public access is prohibited or restricted and the reason for the prohibition from an annual report to a biennial report (due no later than November 15, of each odd-numbered year).

Under current law, DNR is required to make a directory available by November, 2011 which lists all stewardship land that is open for public access. The directory must be updated every two years and 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. Also, DNR is currently required to, by November, 2011, provide a list 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. The act eliminates these requirements. DNR will continue to be required to identify stewardship lands open for public access through an internet application. The Department is further required to prepare a report by November 15 annually which identifies all land acquired during the preceding fiscal year using stewardship funds where access for any nature-based outdoor activity is prohibited and the reason for the prohibition. The act changes this requirement to a biennial report.

[Act 28 Sections: 664xg thru 664xs]

19. STEWARDSHIP LEGISLATIVE REVIEW

Joint Finance/Legislature: Specify that, if a stewardship project proposal is subject to review by the Joint Committee on Finance, the proposal is approved unless a majority of committee members present at the meeting vote to modify or deny the proposal.

2007 Act 20 restored the authority of the Joint Committee on Finance to review projects under the stewardship program through a 14-day passive review process, effective July 1, 2010. Under s. 23.0917(6m), all stewardship projects (excluding DNR development projects and DNR acquisition of land held by the Board of Commissioners of Public Lands) in excess of \$750,000 will be subject to review. Previously, if a meeting were scheduled, the project could only be undertaken with the approval of the Committee (majority vote), unless the Committee fails to meet within a specified time (16 or 31 working days). The act specifies that a majority vote is

required to deny the proposed expenditure.

[Act 28 Section: 664xv]

20. STEWARDSHIP PUBLIC ACCESS REQUIREMENTS -- NONDEPARTMENTAL LAND

Joint Finance: Repeal the requirement that any person receiving a stewardship grant to acquire land in fee simple, or acquire land by an easement or other conveyance that was withdrawn from the managed forest law program, must permit public access to the land for hunting, fishing, trapping, hiking, cross-country skiing, and other nature-based outdoor recreation, unless the Natural Resources board determines that a closure is necessary to: (a) protect public safety; (b) protect a unique plant or animal; or (c) to accommodate usership patterns, as defined by administrative rule. (Stewardship lands purchased by DNR would remain subject to the public access requirements).

The statutes would continue to specify that stewardship grants may only be used to purchase or develop lands for nature-based outdoor recreation. "Nature-based outdoor recreation" has been defined 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.

Assembly/Legislature: Delete provision. (Current law is maintained.)

21. LAND PROGRAM TITLE CHANGE

Governor: Change the title of the land program in DNR under Chapter 20 of the statutes to "land and forestry". In addition, add "forestry" to the allowable purposes for the appropriation under the land program that receives federal funds.

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

Fish, Wildlife, and Recreation

1. SECOND ENDANGERED RESOURCES LICENSE PLATE [LFB Paper 560]

SEG-REV	\$964,000
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Governor: Authorize the creation of a second endangered resources license plate effective seven months after publication of the bill. Specify that the fees charged for the second plate are the same as for the existing endangered resources plate. In addition, specify that the

words or symbols used on the second plate must be different from the existing license plate and the new design must cover the entire license plate. Further, specify that the second endangered resources plate may only be issued by the Department of Transportation (DOT) if DOT purchases the plates from the state of Minnesota.

Under current law, any group or organization may apply to DOT for designation as an authorized special group. A state resident who is a member of an authorized special group may obtain a license plate from DOT for certain registered vehicles, including automobiles and motor homes, which indicates that the vehicle is owned by a member of the special group. For the issuance of these special plates, a fee in addition to the regular vehicle registration fee is required.

In addition, authorized special groups approved prior to October 2, 1998, are currently required to be enumerated in state law. Currently, an authorized special group is enumerated for license plates issued to persons interested in supporting endangered resources (wolf plate). In addition to the regular vehicle registration fee, members of this special group are required to pay a \$15 issuance fee and an annual fee of \$25 for the special endangered resources plate. Fee revenues in excess of an initial production cost are deposited in the endangered resources account of the conservation fund. The fee is generally tax deductible as a charitable contribution. The design of the plate is statutorily required to be as similar as possible to regular registration plates in color and design.

Effective seven months after publication, the bill would enumerate a second authorized special group for license plates issued to persons interested in supporting endangered resources. The fee for the license plate would be the same as the fee for the endangered resources plate issued under current law: the regular registration fee (\$75), plus a \$15 issuance fee and an annual \$25 fee. Under the bill, revenues from the issuance of the plates in excess of \$23,500 (credited to DOT) would be deposited in the endangered resources account of the conservation fund. The fee would be tax deductible as a charitable contribution. The bill would require the word or symbol used on the plate to identify the special group to be different from the word or symbol used on the endangered resources plate issued under current law, and would require the design to cover the entire plate. Further, the bill would require DOT to purchase the plates from the state of Minnesota.

Minnesota employs flat-plate technology, which enables the license plate to display a full plate design at a lower cost. The plates would be purchased from Minnesota because that state's plate production facilities, unlike Wisconsin's, have the capability to use this process. The Department of Natural Resources (DNR) expects the overall number of endangered resources plates sold to increase due to purchases of the new plate by people who may not have purchased the plate issued under current law. DNR estimates that the new plate could generate perhaps \$964,000 in additional annual revenue to the endangered resources account beginning in 2010-11. The current timber wolf license plate generated \$411,000 in revenues to the endangered resources account in 2007-08.

Joint Finance/Legislature: Adopt the Governor's recommendation. In addition, specify

that if the Wisconsin Department of Corrections has flat-plate technology available for use in manufacturing license plates that would produce the plates at comparable quality and costs, Wisconsin DOT must purchase the second endangered resources license plates from the Wisconsin DOC.

[Act 28 Sections: 266, 668, 674, 2811, 2815, 2818, 2820, 2824, and 9450(4)]

2. CONSERVATION WARDEN OVERTIME [LFB Paper 561]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$357,600	-\$119,600	-\$238,000	\$0

Governor: Provide \$178,800 annually for increased conservation warden overtime.

Joint Finance: Reduce funding by \$59,800 annually. This would provide \$119,000 annually to reflect anticipated cost increases under recent labor contracts. Expenditure authority would be provided as follows:

	<u>Governor</u>	<u>Jt. Finance</u>
Conservation Fund		
Fish and Wildlife Account	\$135,700	\$90,300
ATV Account	9,100	6,000
Boat Registration Account	21,200	14,100
Water Resources Account	2,200	1,500
Environmental Fund	8,200	5,500
Recycling Fund	<u>2,400</u>	<u>1,600</u>
Total	\$178,800	\$119,000

Senate/Legislature: Delete provision.

3. CONSERVATION WARDEN RECRUIT CLASS SUPPORT [LFB Paper 562]

SEG	\$175,000
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Governor/Legislature: Provide \$175,000 from the conservation fund in 2009-10 only to support the calendar year 2010 conservation warden recruit class. Due to funding constraints and retirement deferrals, DNR does not anticipate having a warden recruit class in calendar year 2009. In calendar year 2010, the Department plans to have a recruit class of eight members. Funding would cover the costs of recruiting, hiring, and training an eight-member recruit class as well as costs related to police certification using Department of Justice certification guidelines. Funding is provided as follows:

	<u>2009-10</u>
Fish and Wildlife Account	\$141,200
Boat Registration Account	22,100
ATV Account	9,400
Water Resources Account	<u>2,300</u>
Total	\$175,000

4. CONSERVATION WARDEN COMPUTERS

SEG	\$250,000
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Governor/Legislature: Provide \$250,000 in 2009-10 only for a final master lease payment for computers for law enforcement wardens. Payments for the first two years of the master lease covering 210 rugged laptop computers were authorized in the 2007-09 budget. The upgraded computers 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>2009-10</u>
Conservation Fund	
Fish and Wildlife Account	\$189,700
ATV Account	12,700
Boat Registration Account	29,700
Water Resources Account	3,100
Environmental Fund	11,400
Recycling Fund	<u>3,400</u>
Total	\$250,000

5. WILDLIFE VIOLATOR COMPACT [LFB Paper 563]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$91,700	1.00	-\$91,700	- 1.00	\$0	0.00

Governor: Provide \$39,400 in 2009-10 and \$52,300 in 2010-11 from the fish and wildlife account of the conservation fund with 1.0 position. A 0.75 three-year project position was provided in the 2007-09 budget beginning in 2007-08 to support Wisconsin's participation in a wildlife violator compact with other states. The bill would provide expenditure and position authority for a full-time position to oversee Wisconsin's participation in the compact (the 0.75 project position is removed under standard budget adjustments). The compact allows the state to track violators who have had their hunting, fishing, or trapping privileges revoked or suspended in other states. In addition, the bill would increase the wildlife violator compact surcharge from \$5 to \$20.

Under current law, if a court imposes a fine or forfeiture for a violation of certain laws

regulating wild animals and plants, the court must also impose a wildlife violator compact surcharge of \$5. The surcharge is collected by the court and paid to the county treasurer who remits it to the secretary of administration for deposit in the fish and wildlife account of the conservation fund. The increased surcharge would first apply to violations committed on the effective date of the bill. The surcharge currently brings in revenues of approximately \$22,000 annually. The increased surcharge could result in increased revenues of approximately \$66,000 annually to the fish and wildlife account. However, there is often a period between when a violation occurs, a forfeiture is imposed, and the surcharge is collected and remitted to DNR.

Joint Finance/Legislature: Delete provision (the wildlife violator surcharge remains at \$5).

6. WILDLIFE DAMAGE CLAIM PAYMENTS, REVENUE TRANSFER, AND APPROPRIATION REESTIMATE [LFB Paper 564 and 591]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	- \$846,400	- \$846,400

Governor: To address a potential deficit in the wildlife damage appropriation account, increase the wildlife damage claim deductible from \$250 to \$500. In addition, specify that if the amount of the claim is more than \$500 but not more than \$5,250, the claimant will be paid 100% of the amount of the claim up to the statutory maximum. In addition, reduce the maximum amount paid to a claimant from \$15,000 to \$10,000 for each claim. Further, transfer \$350,000 in 2010-11 only from the recycling and renewable energy fund to the wildlife damage appropriation account.

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 \$5 surcharge on resident and nonresident conservation patron licenses; and (b) revenue from the \$12 resident (\$20 nonresident) bonus deer permit. These sources generated approximately \$2.8 million in 2007-08. Revenue from the program is also used for the Department’s costs of control and removal of wild animals, urban wildlife control grants, and venison processing costs for the deer donation program.

Under current law, the state fully funds DNR approved county administrative costs of wildlife damage management, and approved abatement projects are eligible for state funding of up to 75% of costs (landowner pays 25%). Landowners in counties that administer both the abatement and damage claims programs are eligible to file claims for damage to agricultural crops, harvested crops, orchard trees, nursery stock, beehives, or livestock if the damage is caused by deer, bear, geese, or turkey. Each claim is subject to a \$250 deductible. If the amount

of the claim is more than \$250 but not more than \$5,250, the claimant is paid 100% of the claim. If a claim is greater than \$5,250, a claimant can receive 80% of the amount of the claim, with the total amount paid not to exceed \$15,000 per claim. The bill would raise the deductible to \$500. In addition, under the bill, a claim that is more than \$500 but less than \$5,250 would be paid in full. As under current law, if a claim is greater than \$5,250, a claimant could receive 80% of the amount of the claim. However, the bill would reduce the maximum amount paid per claim from \$15,000 to \$10,000. The changes would first apply to wildlife damage claims filed on the effective date of the bill.

In addition, the bill would transfer \$350,000 in revenue from the segregated recycling and renewable energy fund to the wildlife damage appropriation account in 2010-11. DNR estimates that the increased deductible and decreased maximum claim amount would result in reduced wildlife damage claim payments of approximately \$230,000 annually beginning in 2009-10 (although no appropriation reduction is reflected in the bill). If the total amount of agricultural damage claimed is greater than available revenues, after paying for administration and urban abatement, venison processing, and wildlife control activities, the Department is first required to prorate damage claim payments.

Joint Finance/Legislature: Adopt the Governor's recommendation. However, specify that DNR may transfer from the recycling and renewable energy fund, the amount necessary, but not to exceed \$350,000, in 2010-11 to fund wildlife damage claims payments. In addition, reestimate the wildlife damage claims and abatement appropriation to \$3,130,000 in 2009-10 and \$3,300,000 in 2010-11 (a reduction of \$508,200 in 2009-10 and \$338,200 in 2010-11). Further, lapse \$500,000 in unspent funds from the control of wildlife animals appropriation to the conservation fund to be available for wildlife damage claims (\$260,000 in unencumbered funds that remained available as of July 1, 2008 will be lapsed, and an additional \$240,000 appropriated, but unspent, in 2008-09 will be lapsed to be available for wildlife damage claims in 2009-11).

[Act 28 Sections: 698 thru 700, 9237(9), 9237(10u), and 9337(3)]

7. BOBCAT PERMIT APPLICATION FEE INCREASE

SEG-REV	\$40,000
SEG	\$60,000

Governor/Legislature: Increase the application processing fee for a bobcat hunting and trapping permit from \$3 to \$6 (including the 25¢ issuing fee) effective March 31, 2010. This would provide an estimated increase of approximately \$30,000 annually (\$10,000 in 2009-10) in revenue to the fish and wildlife account of the conservation fund. Further, provide \$30,000 annually to be used for a study of bobcat populations.

[Act 28 Sections: 695, 696, and 9437(5)]

8. ELK APPLICATION FEE INCREASE [LFB Paper 565]

SEG REV	\$140,000
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Governor: Increase the application processing fee for both a resident and a nonresident elk hunting license from \$3 to \$10.

Under current law, DNR is authorized to issue elk hunting licenses and to limit the number of elk hunters and elk harvested in any area of the state. However, the Department has not established an elk hunting season because the elk herd has not met the state population goal. A hunt would be considered when the Department determines that the total elk population is approximately 200 animals. The Clam Lake herd after the spring 2008 calving season was approximately 150 animals. DNR believes the herd could surpass 200 animals as early as the spring of 2010, in which case a limited bull-only elk season could be instituted in December, 2010. While very few licenses would be expected to be available, DNR estimates that more than 20,000 hunters would apply, generating over \$200,000 in annual revenue.

Joint Finance/Legislature: Adopt the governor's recommendation. In addition, specify that \$7 from elk application fees be deposited in the segregated continuing appropriation specifically for elk management, rather than the general fish and wildlife account (the remaining \$3, less issuing fees, is deposited to the general fish and wildlife account).

[Act 28 Sections: 266m and 697]

9. PAYMENTS TO LAC DU FLAMBEAU BAND

Governor/Legislature: Specify that DNR make an annual payment to the Lac du Flambeau band equal to the greater of (a) the amount appropriated from tribal gaming revenues (\$99,000 PR each year under the bill), or (b) the amount for fishing licenses and stamps issued by DNR agents within the reservation. Further, delete the requirement that the Department make a separate annual payment of \$50,000 to the band for fishery management within the reservation.

Under current law, the Lac du Flambeau band has an agreement with the state under which they agree to limit their treaty-based, off-reservation rights to fish in exchange for permission to issue certain DNR fishing licenses and stamps as an agent of the DNR. The band retains all fees it collects, with the exception of resident and non-resident sports licenses, where the band retains the amount of an annual fishing license (currently \$20 resident, \$50 nonresident) and remits the rest to DNR. The fees retained by the band are required to be used for fishery management within the reservation.

In addition, the band also allows other DNR agents to issue these licenses and stamps on the Lac du Flambeau reservation. Under current law, DNR makes an annual payment to the band from tribal gaming revenues under a formula designed to capture the amount the band would have received if it had issued the licenses and stamps (reimbursement amount). Currently, if the amount appropriated for the fiscal year is less than the reimbursement amount, the remainder is paid from the conservation fund. In addition, current law requires the

Department to make an additional annual payment of \$50,000 (from tribal gaming revenues) to the band for the purposes of fishery management within the reservation. In 2007-08 these payments totaled \$74,800 (the required \$50,000 and \$21,800 for licenses issued). Under the act, the band would receive at least \$99,000 each year.

As under current law, if the reimbursement amount were more than the appropriated amount, the remainder would be paid from the conservation fund. The act specifies that the payment to the band be used only for fishery management within the reservation.

[Act 28 Sections: 288 and 686 thru 695]

10. BOAT REGISTRATION FEE INCREASE [LFB Paper 566]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG-REV	\$2,150,000	-\$250,000	-\$725,000	\$1,175,000

Governor: Increase the fees paid for a three-year motorized boat registration as follows.

Registration Type	Current Fee	Bill	Increase	Percent Increase
Under 16'	\$19.00	\$25.00	\$6.00	32%
16' to 26'	28.00	35.00	7.00	25
26' to 40'	52.00	62.00	10.00	19
Over 40'	86.00	99.00	23.00	15

Fees for voluntarily registered non-motorized boats would remain unchanged under the bill. The fee increase would be effective upon enactment of the bill. Due to the variation in the renewal of the three-year registration in a given year, the bill would be estimated to result in increased revenues to the boat registration account of the conservation fund of approximately \$1.5 million in 2009-10 and \$650,000 in 2010-11.

Joint Finance/Legislature: Modify the Governor's recommendation by increasing boat registration fees by approximately 15% as shown in the following table. This would be estimated to result in increased revenues to the boat registration account of approximately \$825,000 in 2009-10 and \$350,000 in 2010-11 (\$975,000 less than the Governor over the biennium).

Registration Type	Current Fee	Governor	Jt. Finance	Jt. Finance Increase to Current Fee	Percent Increase
Under 16'	\$19.00	\$25.00	\$22.00	\$3.00	16%
16' to 26'	28.00	35.00	32.00	4.00	14
26' to 40'	52.00	62.00	60.00	8.00	15
Over 40'	86.00	99.00	100.00	14.00	16

In addition, create an annual non-resident boat sticker effective January 1, 2010. Specify that the fee for the sticker is \$15 and that revenues from the non-resident boat sticker fee be deposited in the boat registration account of the conservation fund. In addition, require DNR to promulgate administrative rules establishing procedures for issuing non-resident boat stickers and for regulating the activities of license agents authorized to issue the stickers, and provide DNR with the authority to use the emergency rules process without the finding of an emergency. The non-resident boat sticker would be estimated to result in increased revenues to the account of approximately \$145,000 in 2009-10 and \$580,000 in 2010-11.

Other than nonresident recreational motorboats, most boats exempt from registration in Wisconsin would also be exempt from the non-resident boat sticker requirement. Under the bill, the following boats would be exempt: (a) commercial fishing boats licensed under s. 29.519 of the statutes, (b) non-motorized boats and non-motorized sailboats under 12 feet in length; (c) boats registered by an American Indian tribe that has a current agreement with the state of Wisconsin and which is not operated outside the reservation for more than 60 consecutive days; (d) a boat operated within 60 days of applying for a Wisconsin registration or certificate of number (provided proof of application and payment of registration); (e) a military or public boat of the United States; (f) a government boat used primarily for governmental purposes; (g) a ship's lifeboat; and (h) a boat present in the state for not more than 10 days to participate in an approved competition. In addition, a boat that does not land, dock, or launch from, a pier, wharf, or other area on, or extending from the shores of Wisconsin would be exempt from the non-resident sticker requirement (boats on the Mississippi River or other boundary waters, that do not utilize Wisconsin facilities).

Veto by Governor [A-14]: Delete the non-resident boat sticker.

[Act 28 Sections: 703 thru 706]

[Act 28 Vetoed Sections: 271m, 706m, and 9137(3c)]

11. SNOWMOBILE ACCIDENT PREVENTION [LFB Paper 567]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$255,800	-\$5,000	\$250,800

Governor: Provide \$127,900 annually from the snowmobile account of the conservation fund for increased snowmobile enforcement and accident reduction efforts. Of this amount, \$80,000 would be used for overtime funding for conservation wardens on the traveling Snowmobile Accident Reduction Team (SART) as well as overtime hours for locally-stationed wardens. The remaining funds would be used for warden supplies and travel costs.

Joint Finance/Legislature: Reduce the amount provided by \$2,500 annually to reflect more recent estimates of 10 deployments of the snowmobile accident reduction team annually.

12. SNOWMOBILE TRAIL AIDS AND SUPPLEMENTAL SNOWMOBILE TRAIL AIDS
[LFB Paper 568]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$334,700	\$57,800	\$392,500

Governor: Increase the snowmobile trail aids appropriation by \$155,700 in 2009-10 and \$179,000 in 2010-11 to reflect expected snowmobile fuel tax revenues (related to increased snowmobile registrations). Local trail aids would be budgeted at approximately \$7.7 million each year.

Joint Finance/Legislature: Reestimate snowmobile trail aids by \$182,000 in 2009-10 and \$167,100 to reflect available snowmobile fuel tax revenues. In addition, reestimate the supplemental trail aids appropriation by -\$134,400 in 2009-10 and -\$156,900 in 2010-11 to reflect estimated non-resident snowmobile trail pass sales.

13. ATV TRAIL AIDS [LFB Paper 568]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$687,700	-\$193,400	-\$881,100

Governor: Reduce the ATV trail aids appropriations by \$420,800 in 2009-10 and \$266,900 in 2010-11 to reflect expected revenues from all-terrain vehicle registrations, ATV fuel tax revenues, and non-resident trail passes, as follows:

	<u>2009-10</u>	<u>2010-11</u>
ATV registrations	-\$188,000	-\$90,000
ATV non-resident trail pass	-220,000	-220,000
ATV fuel tax transfer	<u>-12,800</u>	<u>43,100</u>
Total	-\$420,800	-\$266,900

The 2007-09 budget created the ATV landowner incentive program which redirects non-resident trail pass revenues from the local trail aids appropriation to a new appropriation for landowner payments. This results in an estimated decrease of \$220,000 annually in ATV trail aids. Local trail aids would be budgeted at approximately \$3.4 million in 2009-10 and \$3.6 million in 2010-11.

Joint Finance/Legislature: Reestimate trail aids by -\$65,300 SEG in 2009-10 and -\$128,100 in 2010-11 to reflect available ATV fuel tax revenues.

14. EAU CLAIRE PUBLIC SHOOTING RANGE

SEG	\$50,000
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Joint Finance/Legislature: Provide \$50,000 fish and wildlife SEG in 2009-10 for county conservation aids. Direct DNR to provide this amount to Eau Claire County for the development of a public shooting range on county property. No match is required.

[Act 28 Sections: 275g, 275j, 9137(4u), and 9437(5u)]

15. ONEIDA COUNTY TRAIL CROSSING

Senate/Legislature: Direct DNR to provide \$10,000 from the segregated snowmobile enforcement and safety training appropriation to Oneida County to complete a trail safety rail crossing project on Highway 47.

[Act 28 Sections: 270m, 270p, 9137(6x), and 9437(6x)]

Forestry and Parks

1. PARKS AND SOUTHERN FOREST OPERATIONS [LFB Paper 570]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$565,400	-\$43,500	\$521,900

Governor: Provide \$232,700 in 2009-10 (\$52,700 forestry account and \$180,000 parks account) and \$332,700 in 2010-11 (\$52,700 forestry and \$280,000 parks) for limited-term employees, utilities, fleet expenses and supplies to operate new buildings and campgrounds developed in recent years in the Wisconsin state park and forest systems. Of this, \$5,000 annually would be used for an agreement with the city of Baraboo for rescue services at Devil's Lake State Park and \$7,000 in 2009-10 in one-time funding would be used for campground start-up costs at Lake Wissota.

New buildings have recently been added to upgrade parks facilities including entrance and visitor stations, toilet and shower buildings, accessible cabins, and shop facilities. The bill would provide additional operations and maintenance funding from the parks and forestry accounts of the conservation fund. Operations funding would be provided for 29 state parks, two state recreation areas, four state trails, and three southern state forest units, as follows:

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>2009-10</u>	<u>2010-11</u>	<u>Total</u>
Amnicon Falls	Shelter Building	\$1,500	\$1,500	\$3,000
Big Foot Beach	Toilet/Shower Building	0	7,000	7,000
Brunet Island	Storage Facility	0	2,200	2,200
Buckhorn	Amphitheater	1,500	1,500	3,000
	Campground Expansion	9,000	9,000	18,000
	Vault Toilet	2,500	2,500	5,000
	Toilet/Shower Building	6,000	6,000	12,000
Bong Recreation Area*	Accessible Cabin	5,000	5,000	10,000
	Storage Facility	2,200	2,200	4,400
	Vault Toilet	2,500	2,500	5,000
	Toilet Building	3,000	3,000	6,000
	Toilet/Shower Building	7,000	7,000	14,000
Council Grounds	Group Camping Sites	5,000	5,000	10,000
	Park Entrance & Visitor Station	0	3,000	3,000
Chippewa Moraine Ice Age Recreation Area	Campground Expansion	0	23,000	23,000
Devil's Lake	Vault Toilet	2,500	2,500	5,000
Elroy-Sparta Trail	Shelter Building	1,500	1,500	3,000
	Flush Toilet Building	3,500	3,500	7,000
Glacial Drumlin Trail	Office Building	3,700	3,700	7,400
	New Trail Miles	0	6,200	6,200
Governor Dodge	Toilet/Shower Building	8,000	8,000	16,000
Governor Nelson	Shelter Building	1,500	1,500	3,000
Harrington Beach	Observatory	1,000	1,000	2,000
Hartman Creek	Toilet/Shower Building	0	7,000	7,000
	Storage Facility	0	2,200	2,200
High Cliff	Bathhouse	3,000	3,000	6,000
	Shelter Building	0	1,500	1,500
Interstate	Park Entrance & Visitor Station Addition	0	1,000	1,000
	Ice Age Center	0	6,000	6,000
Kettle Moraine-State Forest Northern Unit*	3 Vault Toilets	7,500	7,500	15,000
	New Campsites	2,000	2,000	4,000
Kettle Moraine-State Forest Pike Lake Unit*	Shelter Building	1,500	1,500	3,000
Kettle Moraine-State Forest Southern Unit*	5 Vault Toilets	12,500	12,500	25,000
	Concessions Building	2,000	2,000	4,000
	Shelter Building	1,500	1,500	3,000
	Campground Expansion	6,000	6,000	12,000
Kohler-Andrae	Vault Toilet	2,500	2,500	5,000
	Accessible Cabin	5,000	5,000	10,000

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>2009-10</u>	<u>2010-11</u>	<u>Total</u>
LaCrosse River Trail	Toilet Building	\$3,000	\$3,000	\$6,000
Lake Kegonsa	Campground Expansion	9,000	9,000	18,000
	Park Entrance & Visitor Station	0	7,200	7,200
Lake Wissota	New Campground	34,900	34,900	69,800
Mill Bluff	Changing Stalls	1,000	1,000	2,000
Mirror Lake	Group Campground	0	16,500	16,500
Nelson Dewey	Concessions Building	2,000	2,000	4,000
	Vault Toilet	2,500	2,500	5,000
New Glarus Woods	Storage Facility	0	2,200	2,200
Peninsula	Shelter Building	1,500	1,500	3,000
	Amphitheater	1,500	1,500	3,000
Perrot	2 Vault Toilets	5,000	5,000	10,000
Potawatomi	Nature Center/Office Building	0	6,200	6,200
Rib Mountain	Day Use Area Renovation	0	8,300	8,300
Roche-A-Cri	3 Vault Toilets	5,000	5,000	10,000
	Shelter Building	1,500	1,500	3,000
Rocky Arbor	Shop/Storage Facility	0	2,500	2,500
Tuscobia	2 Vault Toilets	0	5,000	5,000
Wildcat Mountain	Park Entrance & Visitor Station	11,500	11,500	23,000
	Horse Campground	21,900	21,900	43,800
Willow River	Shelter Building	1,500	1,500	3,000
Wyalusing	Office Building	4,500	4,500	9,000
400 Trail	Toilet Building	<u>4,000</u>	<u>4,000</u>	<u>8,000</u>
Total:		\$220,700	\$327,700	\$548,400

*Forestry SEG

Joint Finance/Legislature: Delete \$4,000 parks SEG in 2009-10 related to limited-term employees at Wildcat Mountain State Park and \$39,500 parks SEG in 2010-11 at Chippewa Moraine Recreation Area and Mirror Lake State Park related to delayed campground or other facility openings at these parks.

2. CAMPSITE ELECTRICAL SERVICE

SEG	\$151,600
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Governor/Legislature: Provide \$75,800 annually (\$3,800 forestry account and \$72,000 parks account) for utility costs associated with electrical campsites. Funds will be used to support utility costs incurred by 200 electrified campsites at 12 state parks and the Bong

Recreation Area (forestry SEG). This includes \$67,400 annually for supplies and utility costs, and \$8,400 annually for LTE assistance.

<u>State Parks</u>	<u>Annual</u>
Brunet Island	\$5,700
Council Grounds	3,000
Devil's Lake	9,500
Governor Dodge	5,700
Governor Thompson	5,700
Harrington Beach	3,800
High Cliff	7,600
Lake Wissota	3,800
Merrick	4,100
Peninsula	9,500
Potawatomi	3,800
Willow River	9,800
Richard Bong State Recreational Area	<u>3,800</u>
Total	\$75,800

3. CAMPSITE ELECTRICAL LIMIT

Joint Finance/Legislature: Specify that the number of state park campsites that have electric receptacles maintained by DNR may not be more than 30 percent of all state park campsites. Further, limit the number of campsites in any one state park that may have electric receptacles to 50 percent.

Under prior law, no more than 25 percent of all state park campsites maintained by DNR could have electric receptacles. The act retains the current requirement that at least 25% of all state park campsites must be rustic campsites. Currently, DNR has 4,017 campsites (987 electric and 3,030 non-electric). Increasing the number of electrified campsites to 30% allows DNR to convert 201 existing non-electric campsites to electric sites and could generate increased revenues to the Department of approximately \$130,000 annually. In addition, one-time installation costs ranging from \$2,000 to \$5,000 per site (\$400,000 to \$1.0 million total) could be incurred by DNR, and annual utility costs of approximately \$75,000 would be incurred to operate the facilities. However, DNR must plan individual projects, produce preliminary cost estimates, receive building commission approval and go through the project bidding process before the Department could convert the campsites. Therefore, it is unlikely that significant conversions would take place before the end of the 2009-11 biennium.

[Act 28 Sections: 685g and 685h]

4. FORESTRY OPERATIONS [LFB Paper 572]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$1,817,200	0.39	-\$439,600	0.00	\$1,377,600	0.39

Governor: Provide \$908,600 annually from the forestry account of the conservation fund with 0.39 forest technician position to support state forestry operations.

	<u>Annual</u>
Facilities Heat	\$86,000
Mileage	63,600
Radio Repeater Master Lease	300,000
Radio Replacement Master Lease	275,000
Seasonal Nursery Staff	19,800
Nursery Operations	104,200
Forest Certification	<u>60,000</u>
Total	\$908,600

There are seven components to this provision.

First, provide \$28,000 annually to support increased heating costs at existing forestry facilities and \$58,000 annually to support increased heating costs at new forestry facilities. Existing facility heating costs have increased as a result of increasing fuel costs. In addition, the Division of Forestry is currently in the process of constructing 19 new ranger stations as well as storage facilities across the state, which will be larger than existing facilities and result in additional energy costs.

Second, provide \$63,600 annually to support increased costs associated with the payment of personal vehicle mileage costs.

Third, provide \$300,000 each year in one-time funding for the last two years of master lease payments supporting the purchase of base station radio tower repeaters. The base stations comprise the Department's public safety communications network and include a system of towers and equipment that receives and amplifies radio signals to improve reception over long distances. The base station repeater network is used primarily for forest fire detection and control. The past two biennial budgets authorized funding for the first four years of a six-year master lease. The current master lease agreement is for \$1,630,000 over six years.

Fourth, provide \$275,000 each year in one-time funding for the first two payments of an expected six-year master lease that would support the replacement of forestry radios. Funding would support the replacement of 232 mobile radios, 209 portable radios and 11 aviation specific radios. The master lease agreement would be \$1,650,000 over six years.

Fifth, the bill would provide \$19,800 annually and 0.39 forest technician position. The provision would increase each of five existing seasonal forest technician positions at the Griffith and Wilson nurseries to 0.75 FTE.

Sixth, provide \$104,200 annually for operational costs at the Hayward, Griffith, and Wilson State Nurseries. Of this, \$97,200 annually would cover operational costs including fertilizer, peat, fumigation, and packing. An additional \$7,000 annually would be used to cover cost increases associated with contracting for forest tree genetics expertise from the University of Wisconsin.

Finally, the bill would provide \$60,000 annually to support costs associated with third-party forest certification. Wood products originating from certified forests can be marketed as having been grown and harvested in a "sustainable" manner, which provides biological, social, and economic benefits. Currently, approximately 517,700 acres of northern and southern state forests have been dual-certified by the Sustainable Forest Initiative (SFI) and the Forest Stewardship Council (FSC). Additionally, 2.4 million acres of county forests have been certified by the FSC program. Further, approximately 2 million acres of private forestland enrolled under the Wisconsin Managed Forest Law have been certified under American Tree Farm standards. Costs associated with forest certification include annual surveillance audits, FSC annual accreditation fees, as well as tree farm certification fees.

Joint Finance/Legislature: Adopt the Governor's recommendation with the following modifications:

- a. Delete \$34,800 each year. This provides \$51,200 annually for facility heating costs.
- b. Delete \$370,000. This provides \$230,000 in one-time funding in 2009-10 for the final payment of the radio-tower repeater master lease.
- c. Delete \$10,000 each year. This provides \$265,000 in one-time funding each year for the first two payments of an expected six-year master lease to purchase 452 forestry radios.
- d. Provide an additional \$20,000 in 2009-10 (to reflect expected costs) for forest certification expenses.

5. FORESTRY OUTDOOR ACTIVITIES GRANT PROGRAM [LFB

SEG	-\$2,000,000
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Paper 573]

Governor: Delete \$1,000,000 annually related to the forestry outdoor activities grant program. 2007 Act 20 created the program and provided \$1,000,000 beginning in 2008-09 in a continuing appropriation from the forestry account of the conservation fund. The program provides grants to cities, villages, towns, counties, non-profit conservation organizations, and to DNR for the purpose of acquiring easements or purchasing land for approved outdoor recreational activities including hunting, fishing, hiking, sightseeing, cross-country skiing, and other purposes compatible with these purposes. The bill would eliminate funding for this program in the 2009-11 biennium, but the statutory authority for the program would remain.

Joint Finance/Legislature: Adopt the Governor's recommendation. In addition, lapse \$1,000,000 in unspent funds from the forestry outdoor activities grant program to the balance of the forestry account (this would increase the June 30, 2011, forestry account balance by \$1 million).

[Act 28 Section: 9237(7f)]

6. URBAN FORESTRY GRANTS [LFB Paper 575]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$1,059,800	\$1,049,200	-\$10,600

Governor: Reduce urban forestry resource aids by \$529,900 annually. Further, convert the appropriation for urban forestry, county sustainable forestry, and county forest administrator grants from annual to continuing.

Under current law, the appropriation provides funding for urban forestry resource grants (allocation of \$529,900 annually), county sustainable forestry grants (\$250,000 annually), and county forest administrator grants (\$1,348,200 annually). Urban forestry resource grants are provided to cities, villages, towns, counties, tribal governments, and non-profit organizations for up to 50% of the cost of various projects, including tree management plans, tree inventories, brush residue projects, the development of tree management ordinances, tree disease evaluation, public education relating to trees in urban areas and other related projects. Administration officials indicate that the intention of the bill is to eliminate funds for urban forestry resource grants in 2009-11. However, the bill would not alter DNR's statutory authority under the appropriation to make expenditures for all three purposes, meaning that DNR could choose to allocate a portion of funding remaining in the appropriation to urban forestry resource grants (rather than to sustainable forestry or forest administrator grants). Further, administration officials indicate future budgets could restore some level of urban forestry grant funding.

Currently, as an annual appropriation, at the end of a fiscal year, all unencumbered moneys remaining in the appropriation are lapsed to the balance of the forestry account. The bill would convert the appropriation from an annual to a continuing appropriation, meaning that at the end of a fiscal year, any unencumbered moneys in the appropriation, would remain available for expenditure in future years.

Joint Finance/Legislature: Create a biennial appropriation for the urban forestry grant program and provide \$524,600 annually to restore funding for the program (the base level, less a 1% reduction). In addition, specify that the appropriation for county forest administrator grants and county sustainable forestry grants be a biennial appropriation.

[Act 28 Sections: 275L and 276]

7. FOREST FIRE PROTECTION GRANTS [LFB Paper 574]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- \$896,000	\$340,000	- \$556,000

Governor: Delete \$448,000 annually related to forest fire protection grants.

1997 Act 27 created a pilot program with \$525,000 annually to award grants for up to 50% of the costs of purchasing fire resistant clothing and fire suppression supplies, equipment and vehicles. DNR administers the program, now referred to as the Forest Fire Protection program. Currently, funds are available to cities, villages, towns, counties, and fire suppression organizations that enter into a written agreement to assist DNR in the suppression of forest fires when requested. Under chapter 47 of the administrative code, grant awards for fire departments range from a minimum of \$750 to a maximum of \$10,000, and grants to fire suppression organizations range from \$750 to \$25,000. In 2008-09, \$475,000 was budgeted for the program (\$448,000 forestry SEG and \$327,000 FED). Additional federal funding also became available, bringing the total amount available for fire protection grants in fiscal year 2008-09 to \$920,500 (\$448,000 forestry SEG and \$472,500 FED).

Joint Finance/Legislature: Provide \$170,000 forestry SEG annually to restore the forest fire protection grant program. Approximately \$674,000 annually will be available for forest fire protection grants (\$170,000 SEG and \$504,000 FED).

8. PLUM CITY/UNION FIRE EQUIPMENT GRANT

Assembly/Legislature: Provide \$108,000 forestry SEG in 2009-10 for forest fire protection grants. Direct DNR to provide this amount to the Village of Plum City in Pierce County for the Plum City-Township of Union Fire Department. No match is required, and the village is not required to have entered an agreement with the Department to assist DNR in the suppression of forest fires.

SEG	\$108,000
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Under the forest fire protection program, DNR provides grants to cities, villages, towns, counties, and fire suppression organizations for up to 50% of the costs of purchasing fire resistant clothing and fire suppression supplies, equipment, and vehicles. To be eligible for a fire protection grant, a municipality or fire suppression organization must have entered into a written agreement to assist DNR in the suppression of forest fires when requested.

[Act 28 Section: 9137(6f)]

9. FORESTRY INVASIVE PLANT COORDINATOR

Governor/Legislature: Convert \$21,300 annually and 0.25 invasive plant coordinator position from FED to forestry account

	Funding	Positions
FED	- \$42,600	- 0.25
SEG	<u>42,600</u>	<u>0.25</u>
Total	\$0	0.00

SEG. The invasive plant coordinator (plant pest and disease specialist) had been 25% funded from a federal forest health management grant and 75% funded from the forestry account of the conservation fund. However, funding for the grant expired on September 30, 2008. Under the act, the 1.0 FTE position would be funded entirely from the forestry account of the conservation fund.

10. CONVERT STEWARDSHIP DEBT SERVICE FROM GPR TO SEG [LFB Papers 571 and 576]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$5,000,000	-\$2,500,000	-\$7,500,000
SEG	<u>5,000,000</u>	<u>2,500,000</u>	<u>7,500,000</u>
Total	\$0	\$0	\$0

Governor: Convert \$2,500,000 annually beginning in 2009-10 from GPR to forestry account SEG for debt service costs from general obligation bonds issued under the Warren Knowles-Gaylord Nelson Stewardship program. Under the stewardship program, DNR acquires land and provides grants to local units of government and non-profit organizations for land acquisition and property development activities. The state generally issues 20-year tax-exempt general obligation bonds to support the stewardship program. Currently, debt service for stewardship bonding is primarily funded from a sum sufficient GPR appropriation, with a portion of the funding (\$13.5 million annually) coming from the forestry account of the conservation fund. Under the bill, the first \$16 million in debt service each year would be paid from the forestry account of the conservation fund, and any stewardship-related debt service costs exceeding \$16 million would be paid from the GPR sum sufficient appropriation (estimated at \$48 million in 2009-10 and \$54.7 million in 2010-11).

Joint Finance/Legislature: Adopt the Governor's recommendation. Further, provide an additional \$2.5 million forestry SEG and delete \$2.5 million GPR in 2009-10 for stewardship program related debt service payments. However, make the additional payment of \$2.5 million in 2010-11 as one-time funding (this amount would be removed from base level funding as a standard budget adjustment in 2011-13).

11. REESTIMATE FORESTRY APPROPRIATIONS [LFB Paper 577]

SEG	\$4,460,000
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Joint Finance/Legislature: Estimate annual conservation fund expenditures as follows:

<u>Appropriation</u>	<u>Annual Estimated Expenditures</u>
County Forest Loans Severance Payments	\$100,000
County Forest Project Loans Severance Payments	350,000
Camping Reservation Fee Payments	1,150,000
DNR Rental Property-Land and Wildlife Management Facilities	450,000
DNR Rental Property- General Facilities	<u>180,000</u>
	\$2,230,000

All of these appropriations are continuing appropriations which were listed in the Chapter 20 appropriations schedule at \$0 although significant expenditures are made from each.

12. MANAGED FOREST LAW WITHDRAWAL

Joint Finance/Legislature: Specify that DNR issue a withdrawal order, upon request of an Indian tribe, to remove all tribal lands owned in fee title by that tribe from a managed forest law order. Further, specify that no withdrawal tax or withdrawal fee may be assessed if both of the following apply: (a) an Indian tribe has provided DNR, before the date of the withdrawal order, with documentation which demonstrates that the tribe intends to transfer land currently under a managed forest law order to the United States to be held in trust for the tribe and (b) the tribe and the Department have entered into a written intergovernmental agreement in which the tribe has agreed to comply with the existing forestry management plan and other MFL program requirements as specified, including continuing to pay all fees associated with the existing MFL order (acreage share fees, closed acreage fees, and yield taxes) until the date the order would have otherwise expired.

Veto by Governor [A-13]: The Governor's partial veto deletes the requirement that the land which an Indian tribe requests be removed from MFL be "all" land enrolled in MFL that is owned in fee title "by that tribe." Instead, DNR must issue a withdrawal order to remove any land, owned in fee, that a tribe requests be removed from MFL. The Governor's partial veto also modifies the requirement associated with the transfer of the land from the tribe to the federal government. Under the veto, the tribe must provide DNR the date of the order when the land will be transferred to the United States to be held in trust for the tribe, rather than proof of the tribe's intent to transfer the land. In addition, the veto deletes references to specific statutes related to MFL program requirements and fees. This is intended, in part, to remove a reference to a process for the collection of delinquent taxes on MFL lands that may have prevented a parcel from being placed into federal trust. However, the act retains the general requirement that the tribe and the Department enter an intergovernmental agreement under which the tribe agrees that the land shall continue to be treated as managed forest land until the date on which the MFL order would have otherwise expired.

[Act 28 Sections: 1872g and 1872r]

[Act 28 Vetoed Section: 1872r]

13. FOREST CROP LAW PARCEL TRANSFER

Senate/Legislature: Specify that DNR issue an order, upon request of the owner, continuing the designation of a parcel which is less than 40 acres as forest cropland if all of the following apply: (a) the owner is a non-profit archery club; (b) the parcel was part of a parcel that was enrolled in the forest crop law (FCL) program before January 1, 1968; and, (c) the owner purchased the parcel before January 1, 2009. Specify that the order expire on the date the order enrolling the original parcel would have otherwise expired. Further, specify that no withdrawal tax or withdrawal fee may be assessed on the parcel unless it is withdrawn from the program before the expiration date of the order.

Generally, for a parcel to remain eligible for the forest crop law program, an owner must either transfer an entire parcel under an order designating the land as forest cropland to another owner or, transfer at least 40 contiguous acres.

[Act 28 Sections: 1829g thru 1829r]

14. MASTER LOGGER SAFETY TRAINING

Joint Finance/Legislature: Specify that any logger seeking logger safety training certified by the Wisconsin Professional Loggers Association is eligible for a forestry education and professional development grant for up to 50% of the cost of receiving the safety training.

\$148,500 forestry SEG annually is provided for grants to individuals pursuing master logger certification through the Wisconsin Professional Loggers Association for up to 50% of the cost of certification. The act expands the scope of the grant program to include grants for up to 50% of the cost of receiving safety training (in addition to "certification" currently).

[Act 28 Section: 682m]

Water Quality

1. DAM SAFETY GRANT FUNDING [LFB Paper 580]

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

Governor: Provide \$3,000,000 in general obligation bonding authority for dam safety grants. This would bring total general obligation bonding authority under the program to \$15.1 million. Under the bill, debt service would be paid from a GPR sum sufficient appropriation,

however, no estimate of debt retirement costs is made for the biennium (debt service on \$3 million in general obligation bonds would be expected at about \$240,000 GPR annually for 20 years once all bonds are issued).

Since the 1989-91 biennium, DNR has administered the municipal dam safety grant program. The program provides matching grants to counties, cities, villages, towns and public inland lake protection and rehabilitation districts for the repair, reconstruction, or removal of municipal dams. To qualify for a grant, the locality must own a dam that has been inspected by DNR and be under a DNR directive to repair or remove the dam. A total of \$12.1 million in bonding revenues for dam safety grants has been authorized by the Legislature for this program. (Currently, debt service on \$6.6 million in bonds is being paid with water resources account SEG and \$5.5 million from GPR.) No funding has been appropriated for dam safety grants since the 2001-03 biennium.

Under current law, the Department is authorized to provide matching grants to owners of small dams for voluntary dam removal or for grants to remove an abandoned dam. A small dam is defined as: "a dam that is less than 15 feet high and that creates an impoundment of 100 surface acres of water or less". The bill would remove the definition of small dams from the statutes and modify the program to allow owners of dams of any size to apply for grants to voluntarily remove a dam. Further, currently DNR is required to set aside at least \$250,000 in segregated fund supported bonding under the program to be used for projects to remove small dams and \$100,000 in segregated fund supported bonding under the program for removal of abandoned dams. The bill would require DNR to use at least \$250,000 of total bonding authority under the program (general and segregated fund supported bonding authority) for dam removal of any size dam; and in addition, use at least \$100,000 of total bonding authority for the removal of abandoned dams.

In addition, the program currently provides grants for up to 50% of project costs, with a limit of \$200,000 per project. The bill would increase the cap on the state contribution for a municipal dam project from \$200,000 to \$400,000. In addition, the bill would allow the state to provide full funding for dam removal projects up to the maximum state contribution (currently only abandoned dams are excluded from the 50% limit). Repair or reconstruction projects would remain at the 50% maximum.

Further, current law requires DNR to maintain an inventory of all dams in the state that require a dam safety project. The inventory must include a statement of which parts of the dam safety project are required to protect the rights held by the public in the navigable waters contained by the dam. In addition, DNR is required to provide notice to the owner of a dam that is included in the inventory, and DNR is required to establish a notice and hearing process for a dam owner to object to the inclusion of the owner's dam on the inventory list. The bill would eliminate these requirements.

Joint Finance/Legislature: Adopt the Governor's recommendation to delete the statutory definition of a small dam and provide grants for dam removal projects for up to 100% of estimated project costs up to the maximum state contribution (\$400,000). In addition, make the following modifications:

- a. Provide an additional \$1,000,000 in general obligation bonding authority for dam safety grants (\$4 million total).
- b. For dam repair and reconstruction grants, specify that grants may be provided for up to 50% of the first \$400,000 in project costs, and up to 25% of the next \$800,000 in project costs (\$400,000 maximum grant award for a \$1.2 million project).
- c. Maintain the current law requirement that DNR keep an inventory of all dams requiring a dam safety project and related public notice and hearing requirements.

[Act 28 Sections: 647, and 713 thru 719]

2. DAM SAFETY GRANT EARMARKS

Joint Finance/Legislature: Earmark \$477,000 from the Dam Safety program (grant recipients are not required to provide a local match) for the following dam safety projects: (a) \$150,000 to Adams County for a dam safety project at Easton Dam; (b) \$150,000 to the City of Stanley in Chippewa County for a dam safety project at Stanley Dam; (c) \$150,000 to the City of Montello in Marquette County for a dam safety project at Montello Dam; and (d) \$27,000 to Eau Claire County for the following three dam safety projects: Lake Altoona Dam; Lake Eau Claire Dam; and, a dam located in Coon Fork Lake County Park.

[Act 28 Section: 721d]

3. DAM INSPECTION REQUIREMENTS [LFB Paper 581]

Governor: Specify that DNR classify each large dam in the state as a high hazard, significant hazard, or low hazard dam. Require DNR to inspect each high hazard dam and significant hazard dam once every ten years. In addition, require each owner of a large dam to hire a professional engineer to inspect the dam a specified number of times depending on the dam's hazard classification.

Currently, DNR makes dam hazard classifications in administrative rule based on the potential property damage or loss of life should the dam fail. The bill would require DNR to classify each dam in the state as a high hazard dam, significant hazard dam, or low hazard dam and would define the hazard classifications as follows:

- a. high hazard dam means a large dam the failure of which would probably cause loss of human life;
- b. significant hazard dam means a large dam the failure of which would probably cause significant property damage, but would probably not cause loss of human life; and
- c. low hazard dam means a large dam the failure of which would probably not cause significant property damage or loss of human life

Under current law, DNR is required to inspect each large dam that is maintained or operated in or across state navigable waters at least once every 10 years. A dam is considered to be a large dam if: it has a structural height of 25 feet or more and impounds more than 15 acre-feet of water; or, it has a structural height of more than six feet and impounds more than 50 acre-feet of water. The bill would retain the 25-foot structural height that impounds more than 15 acre-feet of water definition of a large dam and would specify that a dam is also considered a large dam if it has a structural height of six feet and impounds 50 acre-feet *or more* of water. The bill would eliminate the requirement that DNR inspect each large dam that is maintained or operated in or across state navigable waters at least once every ten years and instead specify that DNR inspect each high hazard dam and each significant hazard dam at least once every ten years. Wisconsin has approximately 1,160 large dams.

In addition, the bill would require an owner of a large dam to hire a professional engineer to inspect the dam as follows: for a high hazard dam- four times between each inspection by DNR; for a significant hazard dam- at least two times between each DNR inspection, and for a low hazard dam- at least once every 10 years. Further, the bill would require the owner of each large dam to submit a report to DNR detailing the inspection results within 90 days of the inspection. The report must include information regarding any deficiencies in the dam, recommendations for addressing those deficiencies, and recommendations for improving the safety and structural integrity of the dam.

Joint Finance/Legislature: Adopt the Governor's recommendation. However, specify that the dam inspection requirements do not apply to a dam that is inspected periodically by or under the supervision of a federal agency in a manner which is acceptable to the Department and if the results of each inspection are made available to the Department (such as federally-regulated hydroelectric dams).

[Act 28 Sections: 707 thru 712m]

4. DAM FISHWAY REQUIREMENTS

Joint Finance/Legislature: Delete the current requirement that DNR may require a dam owner to have sufficient fishways (fish ladders) only if the following conditions are met: (a) DNR must have promulgated rules concerning rights held by the public in navigable waters that are dammed; and (b) a grant program (federal or state) must be in place to equip dams with fishways under which a grant is available to the dam owner. (The rules are required to include provisions on the rights held by the public that affect the placement of fishways or fish ladders in navigable waters that are dammed). Both of these conditions would be deleted.

A fishway (or fish ladder) is a structure designed to allow fish to migrate upstream over or through a barrier to fish movement. Currently, neither of the required conditions has been met: DNR has not promulgated the required rules and a grant program is not in place that would provide cost-sharing grants specifically to equip dams with fishways.

Veto by Governor [A-12]: Delete provision. (Current law is maintained.)

[Act 28 Vetoed Sections: 706r and 706s]

5. WATER RESOURCES ACCOUNT LAPSES [LFB Paper 582]

Governor: To address a structural deficit (authorized expenditures from the water resources account exceeding anticipated revenues to the account), lapse uncommitted balances from the following continuing appropriations back to the balance of the water resources account of the conservation fund.

<u>Appropriation</u>	<u>2009-10</u>	<u>2010-11</u>
Lake protection grants	\$403,800	\$233,600
Recreational boating project aids	248,200	222,000
Public boating access	24,100	15,700
Non-profit conservation organization aids	18,700	12,200
Southeastern boating access	12,100	7,900
Non-Profit river protection aids	9,100	5,900
Mississippi and St. Croix rivers management projects	7,500	4,900
Facilities acquisition, development, and maintenance	<u>1,100</u>	<u>700</u>
Total	\$724,600	\$502,900

Joint Finance/Legislature: Modify the Governor's recommendation as follows: lapse \$502,600 in 2009-10 and \$290,900 in 2010-11, from the uncommitted balance of the following appropriations to the general balance of the water resources account of the conservation fund. The amount lapsed from the recreational boating project aids appropriation in 2009-10 reflects available continuing balances in that appropriation at the end of fiscal year 2008-09.

<u>Appropriation</u>	<u>2009-10</u>	<u>2010-11</u>
Lake protection grants	\$403,800	\$233,600
Recreational boating project aids	26,200	0
Public boating access	24,100	15,700
Non-profit conservation organization aids	18,700	12,200
Southeastern boating access	12,100	7,900
Non-Profit river protection aids	9,100	5,900
Mississippi and St. Croix rivers management projects	7,500	4,900
Facilities acquisition, development, and maintenance	<u>1,100</u>	<u>700</u>
Total	\$502,600	\$280,900

Under current law, DNR is required to provide \$400,000 annually (the amount provided for recreational boating aids in 2009-10 and 2010-11 under the act) from the recreational boating appropriation to the Fox River Navigational System Authority each year from fiscal year 2005-06 through 2011-12. Therefore, only \$26,200 in 2009-10 is expected to be available from the

recreational boating aids appropriation to lapse to the balance of the water resources account.

[Act 28 Sections: 9237(1) thru (7)&(8)]

6. AQUATIC INVASIVES CITIZEN MONITORING NETWORK [LFB Paper 583]

Governor/Legislature: Allow DNR to use up to 10% of the total funding provided under the lake protection and planning and aquatic invasive species grant programs for Citizen Lake Monitoring Network (CLMN) expenses. Further, expand the definition of eligible expenses to include contracts for providing technical assistance to entities that have applied for or received aquatic invasive species grants.

The CLMN is a statewide network of volunteers that conducts water quality sampling and provides information to DNR, including information regarding the detection of new or recurring aquatic invasive species infestations. Under current law, DNR is authorized to use up to 10% of the amount provided under the lake protection and planning grants appropriation for CLMN-related costs. In fiscal years 2003-04 through 2006-07, this appropriation also provided funding for aquatic invasive species grants. 2007 Act 20 created a new appropriation and substantially increased the funding for aquatic invasive species grants. Act 20 did not authorize the use of invasive species control grant funds for CLMN activities.

[Act 28 Sections: 277, and 2624 thru 2626]

7. AQUATIC INVASIVE SPECIES VOLUNTARY CONTRIBUTION

Joint Finance: Specify that any applicant for a fishing license or the issuance or renewal of a boat registration may, in addition to paying any fee charged for the license or registration, elect to make a voluntary contribution of at least \$2 to be used primarily for cost-sharing grants for aquatic invasive species control efforts, rather than for lake research. In addition, specify that an agent of DNR who collects a voluntary contribution from an applicant for a fishing license, may retain 50¢ of the voluntary contribution.

Currently, under section 23.22(2)(c) of the statutes, DNR provides cost-sharing grants of up to 75% of projects to control invasive species.

Under current law, the voluntary contribution associated with a fishing license is \$1, and the voluntary contribution associated with a boat registration is \$3. Revenues from the voluntary contribution are deposited in an appropriation used for lake research, specifically research conducted by DNR to determine methods for improving the quality of lakes in Wisconsin. Voluntary contributions for lake research currently generate revenues of approximately \$50,000 annually.

The bill would specify that the minimum voluntary contribution is \$2, and that moneys received from the contribution, less the 50¢ retained by the sales agent, would be used to

provide grants for projects to control invasive species under section 23.22(2)(c) and for promotional activities and materials to encourage voluntary contributions.

Senate/Legislature: Modify the Joint Finance provision to specify that "research" is an allowable purpose for which the voluntary contribution for aquatic invasive species control may be used.

[Act 28 Sections: 272m, 697c thru 697m, 706c, 706g, and 706k]

8. TRANSFER COASTAL ZONE MANAGEMENT PROGRAM FROM DOA TO DNR
[LFB Paper 111]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$7,263,600	-\$7,263,600	\$0

Governor: Provide \$3,631,800 annually and transfer the administration of the state's coastal zone management program from the Department of Administration (DOA) to DNR. The bill would not transfer any employees.

Under federal law, the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce makes administrative grants and resource management grants to eligible states for the purpose of implementing and enhancing a state's coastal zone management program. Examples of funded projects include: rebuilding coastal fishing piers, establishing and enforcing shoreline pollution and stormwater guidelines, and coastal access projects. To be eligible for grants, a state must first obtain the approval of its coastal zone management program by the U.S. Secretary of Commerce. Although Wisconsin law currently does not designate a state agency to administer the state's coastal zone management program, DOA currently administers the program. The bill would designate DNR, in consultation with the coastal management council, as the administering agency.

The bill would transfer the administration of the coastal zone management program from DOA to DNR. See "Department of Administration -- Transfers from the Department." Under the bill, all assets and liabilities and tangible personal property, including records, of DOA that are primarily related to coastal zone management functions, as determined by the secretary of administration, would be transferred to DNR. In addition, all contracts related to coastal zone management, entered into by DOA that are in effect as of the effective date of the bill would be transferred to DNR. Further, all rules promulgated by DOA and all orders issued by DOA primarily related to coastal zone management that are in effect on the effective date of the bill, would remain in effect until their specified expiration dates, or until amended or repealed by DNR. Additionally, any matter related to coastal zone management pending with DOA on the effective date of the bill would be transferred to DNR.

Joint Finance/Legislature: Delete provision. The coastal zone management program will

continue to be administered by DOA.

9. NONPOINT ACCOUNT REVENUES [LFB Paper 596 and 599]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$3,360,000	\$22,101,000	\$25,461,000

Governor: Increase the tipping fee deposited to the nonpoint account of the environmental fund by 30 cents, from 75 cents to \$1.05. The tipping fee is assessed on most solid waste, excluding high-volume industrial waste, which is disposed of at waste disposal facilities such as landfills. The increased tipping fee is expected to result in additional revenues to the nonpoint account of \$1,120,000 in 2009-10 and \$2,240,000 in 2010-11. Additional revenues are intended to make debt service payments previously paid from GPR for bonds issued under the soil and water resource management (SWRM) program under the Department of Agriculture, Trade and Consumer Protection (DATCP). See the entry "Soil and Water Bond Debt Service" under DATCP.

Joint Finance/Legislature: Approve the Governor's recommendation, but reestimate the revenue increase to \$950,000 in 2009-10 and \$1,860,000 in 2010-11. This decreases the administration's revenue estimate by \$170,000 in 2009-10 and \$380,000 in 2010-11.

Further, increase the nonpoint account tipping fee increase under the bill by an additional \$2.15 per ton to: (a) convert debt service appropriations for the priority watershed, targeted runoff management (TRM) and urban nonpoint source and storm water management (UNPS) programs from GPR to nonpoint account SEG instead of environmental management SEG; and (b) generate additional revenue during the biennium to bring the nonpoint account into balance. The additional debt service conversion is discussed later in the item "Nonpoint Debt Service."

The \$2.45 per ton nonpoint account tipping fee increase (from 75¢ currently to \$3.20) is expected to generate approximately \$25,461,000 during the biennium, including \$8,535,000 in 2009-10 and \$16,926,000 in 2010-11. Total estimated revenues for the nonpoint account, which include an annual GPR transfer of \$12,863,700 and investment income, are shown below.

<u>Revenue Source</u>	<u>Base 2008-09</u>	<u>Estimated 2009-10</u>	<u>Estimated 2010-11</u>
GPR Sum-Certain Transfer	\$13,625,000	\$12,863,700	\$12,863,700
Tipping Fee			
Current Law (75¢)	5,235,000	5,400,000	5,500,000
DATCP Debt Service (30¢)	---	950,000	1,860,000
DNR Debt Service (\$2.05)	---	7,232,000	14,365,000
Account Balance (10¢)	---	353,000	701,000
Investment Income	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total	\$18,960,000	\$26,898,700	\$35,389,700

[Act 28 Section: 678]

10. RURAL NONPOINT BONDING

BR	\$7,000,000
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Governor/Legislature: Provide an increase of \$7 million in general obligation bonding authority (from \$11 million to \$18 million) for the targeted runoff management (TRM) grant program. Further, authorize the bonding to be used for the installation of best management practices where DNR has issued a notice of discharge (NOD), or notice of intent to issue an NOD, for animal waste runoff.

The TRM program awards competitive grants to fund nonpoint source water pollution abatement projects implemented by local units of government. Projects generally last for terms of one to three years and may last no longer than four years.

The DNR issues notices of discharge to animal feeding operations from which animal waste enters the waters of the state. This bonding authority provides funding for landowners to install practices that abate runoff from animal feeding operations.

[Act 28 Section: 644]

11. URBAN NONPOINT BONDING

BR	\$6,000,000
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Governor/Legislature: Provide an increase of \$6 million in general obligation bonding authority (from \$29.9 million to \$35.9 million) for the urban nonpoint source and storm water management (UNPS) grant program and the municipal flood control and riparian restoration grant program.

Bond proceeds under the UNPS program fund grants to local units of government for construction of nonpoint source water pollution abatement projects or structures that control the conveyance of storm water. Bond proceeds under the municipal flood control and riparian restoration program fund structural projects undertaken by local units of government to collect and convey storm water or to flood-proof structures in a 100-year floodplain. Proceeds may also fund purchases of perpetual flowage rights or conservation easements of lands within

floodways.

[Act 28 Section: 645]

12. NONPOINT DEBT SERVICE [LFB Paper 596]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$19,040,900	- \$2,897,500	- \$21,938,400
SEG	<u>19,040,900</u>	<u>2,897,500</u>	<u>21,938,400</u>
Total	\$0	\$0	\$0

Governor: Convert debt service payments from GPR to the environmental management account of the segregated environmental fund as follows:

<u>Program</u>	<u>Adjusted Base (GPR)</u>	<u>2009-10 (SEG)</u>	<u>2010-11 (SEG)</u>
Priority watershed/ Rural nonpoint	\$6,536,900	\$7,695,300	\$7,981,100
Targeted runoff management (TRM)	219,800	657,000*	806,600
Urban nonpoint source cost-sharing	1,674,200	2,240,500*	2,557,900

*Under the Governor's recommendation, these payments would continue to be made from GPR in 2009-10.

Specify that the transfer of debt service for the priority watershed program takes effect July 1, 2009, and the transfer of debt service for the TRM and urban nonpoint source programs, which include the urban nonpoint source water pollution abatement and storm water management (UNPS) and municipal flood control and riparian restoration programs, takes effect July 1, 2010.

Joint Finance/Legislature: Adopt the Governor's recommendation, with the following modifications: (a) convert debt service payments for the three programs from GPR to nonpoint SEG instead of environmental management SEG; and (b) specify that all nonpoint SEG debt service payments begin in 2009-10. This would convert an additional \$657,000 in TRM debt service and \$2,240,500 in urban nonpoint source debt service from GPR to nonpoint SEG in 2009-10. Thus, all payments shown in 2009-11 in the table above will be made with nonpoint SEG.

The general obligation bonds issued under the priority watershed and TRM programs fund cost-sharing grants to local governments for the implementation of structural best management practices to abate nonpoint source water pollution. Bonds issued under the UNPS program fund cost-sharing grants to urban municipalities for projects that control urban runoff and storm water. The municipal flood control and riparian restoration program provides cost-

sharing grants to municipalities for the flood-proofing of structures in a 100-year floodplain as well as the purchase of certain conservation easements and perpetual flowage rights.

[Act 28 Sections: 280, 282, 283, and 640]

13. NONPOINT PROGRAM -- NOTICE-OF-DISCHARGE PROJECT FUNDING

Governor/Legislature: Authorize DNR to provide cost-sharing grants directly to landowners, or to operators of animal feeding operations, from funding authorized for the priority watershed and targeted runoff management (TRM) programs for projects to implement best management practices for animal waste management at an animal feeding operation. Specify that eligible animal feeding operations are those for which DNR has issued a notice of discharge (NOD) or an intent to issue a notice of discharge, and specify that the Department must determine funding under this provision is necessary to protect the waters of the state.

Specify that if DNR has issued a notice of intent to issue an NOD to an animal feeding operation, a local government may request funding from amounts provided for the priority watershed or TRM programs. Also, authorize DNR to approve such a grant request if it determines funding is necessary to protect the waters of the state.

Prior to Act 28, grants for animal waste management were limited to local governments. Previous law also limited grants to instances in which DNR has issued an NOD, and the statutes also required DNR to determine that fish and aquatic life needed protection.

Further, specify that a cost-sharing grant made under the priority watershed or TRM grant program shall equal the percentage of the cost of implementing the best management practice not to exceed 70%, except in the case of economic hardship, that is determined either: (a) by DNR in providing an animal waste management grant; or (b) by the local government submitting an application for funding under the TRM program or for an animal waste management grant. Previous law provided that local governments applying for grants determined the cost of the best management practice under the TRM program or under animal waste management grant applications.

Also, for achieving compliance with nonpoint source pollution standards from agricultural sources, specify that DNR provide: (a) 70% of the cost of compliance; or (b) 70% to 90% of the cost of compliance if a project would experience economic hardship as defined by DNR administrative rule. Previous law required exceeding a 70% cost-share rate in case of economic hardship, but did not specify a maximum cost-share rate for economic hardship.

Additionally, delete requirements for certain reduced grants, effective January 1, 2010. Reduced grants are the only grants available to landowners in designated critical sites in priority watersheds and lakes if cost-sharing grants have been offered in the priority watershed or lake for 36 months. Reduced grants allow a landowner to only realize 50% of the cost-share rate otherwise set by DNR in administrative rule for projects implementing best management practices.

[Act 28 Sections: 2607 thru 2609, 2620 thru 2622, and 9437(1)]

14. PETENWELL AND CASTLE ROCK FLOWAGES MONITORING PROGRAM

GPR	\$300,000
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Assembly: Provide \$150,000 GPR annually for a comprehensive monitoring study of point and nonpoint source pollutant loading to the Wisconsin River basin between Merrill in Lincoln County and the Castle Rock Flowage in Adams and Juneau Counties. Specify that no funds may be encumbered after June 30, 2014.

Specify that the study have the following purposes: (a) identify the amounts of nutrients being introduced into the river; (b) characterize and quantify the nutrients, in particular nitrogen and phosphorus, introduced into the river from nonpoint sources relative to climate, land use, soil type, elevation and drainage; (c) collect water quality information from on-river locations, as well as locations on major tributaries and impoundments, for use in evaluating biological, physical and chemical properties of the water to use in watershed modeling; (d) use watershed and river models, and information collected in the study, to forecast the effects of different nutrient-reduction methods on water quality; and (e) develop tools for selecting and implementing practices to reduce nutrients introduced to the river.

This provision provides funding for DNR to conduct a monitoring program to identify factors impairing the water quality in the Petenwell and Castle Rock Flowages, which are impoundments of the Wisconsin River. They are both on the 303(d) list of impaired waters that DNR submits to the federal government. Due to their designation as impaired, DNR is required to develop a plan for the total maximum daily load (TMDL) of pollutants that can be deposited to each body of water. This study is expected to contribute to the efforts to develop TMDLs for the flowages and other impaired waters in the Wisconsin River basin. It is anticipated that federal agencies, private contractors, area stakeholders and private contributors may cooperate in funding the study and providing staffing. DNR expects to seek and apply for federal and other available funding that could match state expenditures. DNR is currently conducting TMDL evaluations on several water bodies in Wisconsin, and it is advising the U.S. Environmental Protection Agency on large-scale TMDL efforts being completed in the Lower Fox River and Rock River basins.

Senate: Delete provision.

Conference Committee/Legislature: Adopt Assembly provision.

[Act 28 Sections: 273s and 2574h]

15. CONCENTRATED ANIMAL FEEDING OPERATIONS -- WASTEWATER PERMIT FEES

	Jt.Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR-REV	\$150,000	-\$150,000	\$0
PR-REV	<u>0</u>	<u>30,000</u>	<u>30,000</u>
Total	\$150,000	-\$120,000	\$30,000

Joint Finance: Specify the fee for a concentrated animal feeding operation (CAFO) application is \$1,200 for a person applying for an initial Wisconsin Pollution Discharge Elimination System (WPDES) permit or applying for reissuance of a WPDES permit, which occurs every five years. Additionally, require an annual fee of \$345 for permitted CAFOs. Require DNR to promulgate a rule establishing annual fees on the basis of the number of animal units owned by an operation. Require DNR to submit the proposed rule to the Legislative Council Rules Clearinghouse no later than the first day of the 12th month following publication of the act.

Previously, CAFOs generally paid a base WPDES permit fee of \$250 annually. Approximately 150 CAFOs are subject to this fee. Additionally, approximately 50 CAFOs annually are expected to either make initial WPDES permit applications or reapply for permits. Revenues would be estimated to increase by approximately \$75,000 annually. Fee revenues are deposited in the general fund.

Assembly: Eliminate the \$1,200 application fee that would be required of an operator of a CAFO applying for a new WPDES permit or applying for reissuance of a WPDES permit. Retain the \$345 annual fee under Joint Finance, but specify that additional fee revenues beyond the \$250 base permit fee (\$95 per permit) be deposited to a DNR continuing appropriation for general management of the state's water resources. Require DNR to report annually to the Joint Committee on Finance and the appropriate standing committees of the Legislature how additional fee revenues were spent in the previous year. Further, delete the requirement that DNR promulgate rules establishing annual WPDES permit fees for CAFOs on the basis of the number of animal units kept at the operation.

Senate: Modify Joint Finance provisions to specify that the \$1,200 application fee to be paid by a CAFO upon initial application or reissuance of a WPDES permit be deposited to the continuing appropriation for general management of the state's water resources. Specify that of the \$345 annual fee for WPDES-permitted CAFOs, \$95 be deposited to the water resources appropriation. Delete the requirement that DNR promulgate rules establishing annual WPDES permit fees for CAFOs on the basis of the number of animal units kept at the operation.

Conference Committee/Legislature: Adopt the Assembly provision. In addition, require the standing committees of the Legislature responsible for agricultural matters, to report, by July 1, 2010, to the presiding officer of each house, recommendations for legislation imposing WPDES application fees for CAFOs.

[Act 28 Sections: 275fn, 2628t, 2665m, and 9137(2i)]

16. KOSHKONONG COMPREHENSIVE LAKE MANAGEMENT STUDY

GPR	\$50,000
SEG	50,000
Total	\$100,000

Assembly: Provide \$50,000 GPR and \$50,000 nonpoint SEG in 2009-10 for DNR to award a grant to the Rock-Koshkonong Lake District for a comprehensive study of options and structures to preserve wetlands, shoreline, fish and wildlife habitat, and the navigability of Lake Koshkonong in Rock, Jefferson and Dane Counties.

Senate: Delete provision.

Conference Committee/Legislature: Adopt Assembly provision.

[Act 28 Sections: 276p, 279g, and 9137(6i)]

17. VILLAGE OF BAGLEY FLOOD MITIGATION STUDY

SEG	\$19,000
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Joint Finance/Legislature: Provide \$19,000 nonpoint SEG in 2009-10, and require DNR to grant the same amount to the Village of Bagley in Grant County. Specify that funds be used to assess and survey storm sewer and flood mitigation projects.

[Act 28 Sections: 279g and 9137(5q)]

18. BALLAST WATER DISCHARGE PERMITS AND FEES
[LFB Paper 584]

	Funding	Positions
PR-REV	\$787,000	
PR	\$456,800	3.00

Governor: Provide \$210,400 in 2009-10 and \$246,400 in 2010-11 with 3.0 positions annually, and create a new ballast water discharge permit program. Establish fees for vessels that discharge ballast into state waters. The administration estimates the fees would generate revenue of \$787,000 in the biennium. The fees would be deposited in a new program revenue appropriation for administration of the program. While neither current statutes nor the bill define ballast water, it is ocean or lake water that ships pump into, or discharge from, onboard tanks to balance the vessels as they load and unload cargo. The provision includes:

a. Provide \$210,400 in 2009-10 and \$246,400 in 2010-11 with 3.0 wastewater specialist positions, to implement the program. The positions would perform activities such as review and issue ballast water discharge permits, inspect Great Lakes ships to determine compliance with discharge permit requirements, coordinate the program with other states and federal agencies, and develop and maintain databases. Of the total funding, \$38,400 would be for limited-term employee salary and associated costs for permit issuance and database maintenance during peak periods of the shipping season.

b. Allow DNR to issue a general permit that authorizes a vessel that is 79 feet or longer to discharge ballast water into the waters of the state. Coverage under the general

permit would be valid for five years, and the permit holder could apply for renewal of coverage. DNR is currently authorized to issue a general wastewater discharge permit applicable to a designated area of the state authorizing discharges from specified categories or classes of point sources located within the area. (A point source is a specific location, such as a pipe or vessel, from which pollutants are discharged.)

c. Specify that if DNR issues a general permit for ballast water discharges, the Department will charge fees of: (1) \$1,200 for an application for coverage under the general permit; and (2) \$345 paid upon initial coverage under the permit and annually in subsequent years. These fees would not apply after June 30, 2013. The administration estimates the fees would generate revenue of \$618,000 in 2009-10 (\$480,000 from the application fee and \$138,000 from the annual permit fee) and \$169,000 in 2010-11 (\$24,000 from the application fee and \$145,000 from the annual permit fee).

d. Direct DNR to promulgate administrative rules on or before June 30, 2013, for application fees and annual fees for coverage under a general permit for ballast water discharge. Specify that the fees must be based on the Department's costs of controlling aquatic invasive species introduced into the state by the discharge of ballast water. DNR would charge the fees determined under the rule beginning on July 1, 2013.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified to specify that the fees DNR would promulgate in rule to apply after June 30, 2013, would be based on the Department's costs of administering and enforcing the ballast water discharge permit program, instead of costs of controlling aquatic invasive species introduced by the discharge of ballast water. In addition, specify the general permit may contain effluent limitations.

Further, authorize use of the ballast water discharge permit fees appropriation, on a one-time basis in the 2009-11 biennium, for grants, as follows: (a) if the amount received by DNR in the appropriation in 2009-11 exceeds the amount needed to administer the program, DNR would be required to award grants to one or more persons for research and development related to the treatment of ballast water for protection against invasive species; (b) there would be no maximum grant; (c) the grant could be for 100% of the project costs; (d) the grantee would have to submit a report to DNR on any results or findings of the research conducted with the grant; and (e) DNR would not be required to promulgate rules for the grants.

[Act 28 Sections: 275, 2629, and 9137(3w)]

19. GREAT LAKES COMPACT IMPLEMENTATION AND FEES [LFB Paper 585]

	Funding	Positions
PR-REV	\$1,606,000	
PR	\$1,186,800	4.00

Governor: Provide \$187,400 and 2.0 positions in 2009-10 and \$999,400 and 4.0 positions in 2010-11 for implementing the Great Lakes Compact. Establish fees, effective January 1, 2011, for large uses of water and large withdrawals of water from the Great Lakes Basin. The administration estimates the new fees

would generate revenue of approximately \$1,606,000 in 2010-11. The fees would be deposited in a new water use fees program revenue appropriation for activities related to water use and Great Lakes Compact implementation. The provision includes:

a. Provide \$187,400 and 2.0 positions in 2009-10 in the existing groundwater quantity administrative appropriation. Of the total, \$46,800 would be for limited-term employee salaries and associated costs. Funding from this appropriation would only be provided in 2009-10.

b. Provide \$999,400 and 4.0 positions in the new water use fees appropriation in 2010-11. This includes moving the 2.0 positions provided in 2009-10 from the groundwater quantity administrative appropriation to the water use fee appropriation, and creating 2.0 additional positions in the water use fee appropriation. The positions would include three water supply specialists and one hydrogeologist to implement a water use registration, permitting and reporting program, and to coordinate and develop a statewide water conservation and efficiency program. The 2010-11 funding would include: (1) \$290,000 for the salary and associated costs of the 4.0 positions; (2) \$46,800 for limited-term employee salaries and associated costs; (3) \$426,400 for ongoing costs of development and maintenance of databases, registration and reporting systems, and surface water stream and well monitoring networks; and (4) \$236,200 in one-time costs for development of a registration and reporting database and a system of web-based annual reporting of water withdrawals.

c. Create a water withdrawal fee of \$125 annually, to be paid by any person with a water supply system with the capacity to withdraw from state waters (surface or groundwater) an average of 100,000 gallons per day or more in any 30-day period. Authorize DNR to promulgate an administrative rule specifying a different fee amount. The fees would be deposited in the new water use appropriation. The fee would be paid for properties with high capacity wells, municipal water systems, other-than-municipal systems, and large surface water withdrawals. The administration estimates this fee would generate revenue of \$596,000 annually, beginning in 2010-11, based on the statutory \$125 fee amount.

d. In addition to the \$125 annual fee, create an annual Great Lakes Basin water withdrawal fee, to be paid by any person who withdraws more than 50 million gallons per year from the Great Lakes basin. Direct DNR to promulgate a rule specifying the amount of the fee. This fee would also be deposited in the new water use appropriation. The administration estimates this fee would generate revenue of \$1,010,000 annually, beginning in 2010-11, based on a potential tiered fee system. For example, the fee may vary between \$0.25 (for withdrawals that exceed 50 million gallons per year) and \$2.50 per million gallons withdrawn per year, with a higher fee per withdrawal increment (the highest fee might apply to withdrawals that exceed 500 million gallons per year). The actual amount of revenue collected would vary depending on the fee system to be established during rule promulgation, and the number of systems that would be registered and report withdrawals.

e. Create a \$5,000 review fee to be paid by a person who submits an application for a diversion of water from the Great Lakes basin to a watershed outside the Great Lakes basin or from the watershed of one of the Great Lakes to another. The Administration estimates this fee

would generate minimal revenue.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified to: (a) authorize DNR to use the existing groundwater quantity administrative appropriation for administration of the Great Lakes compact, in 2009-10 only; (b) increase the 2009-10 one-time expenditures from the groundwater quantity administrative appropriation by \$75,000 PR and decrease the 2010-11 one-time expenditures from the Great Lakes water use fees appropriation by \$75,000 PR; and (c) require that a person who is subject to a \$5,000 review fee for an application for a Great Lakes water diversion would also be subject to a fee equal to the amount of any fees imposed on the state related to review of the proposed diversion by the Great Lakes Council or the regional body.

[Act 28 Sections: 274, 275f, 2579, and 9437(2)]

20. GREAT LAKES COMPACT, WATER USE, AND WATER SUPPLY PLAN DEADLINES AND REQUIREMENTS

Joint Finance/Legislature: Make the following changes related to permitting and water withdrawal requirements under the Great Lakes compact, statewide water use registration, and statewide water use planning provisions:

a. Require any person who has, on the effective date of the bill, a water supply system with the capacity to make a withdrawal from the waters of the state averaging 100,000 gallons per day or more in any 30-day period, and who did not register the withdrawal before the compact went into effect on December 8, 2008, to register the withdrawal with DNR.

b. Specify that, as of December 8, 2011, a water withdrawal must be covered under a general permit, individual permit, or interim approval in order for a person to make a withdrawal of water from the Great Lakes basin that averages more than 100,000 gallons per day in any 30-day period.

c. Change, from December 8, 2009, to December 8, 2011, the date by which DNR must automatically issue a notice of coverage under a general permit to a person who makes a withdrawal that is covered by an interim approval and that averages 100,000 gallons per day or more in any 30-day period but does not equal at least 1,000,000 gallons per day for any 30 consecutive days. In addition, require DNR to automatically issue a notice of coverage by December 8, 2011, for a person who makes a withdrawal that is not covered by an interim approval and that before December 8, 2008, averaged 100,000 gallons per day or more in any 30-day period but that does not equal at least 1,000,000 gallons per day for any 30 consecutive days. In the notice of coverage, DNR would be required to specify a baseline and a withdrawal amount for the withdrawal.

d. Require that a person who proposes to begin a withdrawal after December 7, 2011, or who makes a withdrawal from the Great Lakes basin that, before December 8, 2011, averages at least 100,000 gallons per day in any 30-day period, but does not equal at least 1,000,000

gallons per day for any 30 consecutive days, and who is not entitled to automatic issuance of a notice of coverage, must apply to DNR for coverage under a general permit, unless the person applies for an individual permit. The person would be required to provide the information required by DNR rule.

e. Change, from December 8, 2009, to December 8, 2011, the date by which DNR must automatically issue an individual permit to a person who makes a withdrawal that is covered by an interim approval and that equals at least 1,000,000 gallons per day for any 30 consecutive days. In addition, require DNR to automatically issue a permit by December 8, 2011, for a person who makes a withdrawal that is not covered by an interim approval, that equals at least 1,000,000 gallons per day, and that before December 8, 2008, averaged at least 1,000,000 gallons per day for any 30 consecutive days. In the permit, DNR would be required to specify a baseline and a withdrawal amount.

f. Require a person who proposes to begin a withdrawal after December 7, 2011, or who makes a withdrawal from the Great Lakes basin that, before December 8, 2011, equals at least 1,000,000 gallons per day for any 30 consecutive days, and who is not entitled to automatic issuance of a permit, to apply to DNR for an individual permit. The same permit requirements would apply as for withdrawals that, under current law, have to obtain an individual permit.

g. Require DNR to determine baselines for withdrawals, rather than withdrawal amounts, before issuing an automatic notice of coverage under a general permit or individual permit. The baseline for a withdrawal that, before December 8, 2008, averaged 100,000 gallons per day or more in any 30-day period, would be determined in the same manner as initial withdrawal amounts under current law. The baseline for withdrawals to which this does not apply would be zero.

h. Specify that, if the capacity to withdraw does not increase between December 8, 2008, and December 8, 2011, the withdrawal's baseline and withdrawal amount in the initial permit would be the same. If the capacity to withdraw increases between December 8, 2008, and December 8, 2011, DNR would be required to determine a withdrawal amount for the purposes of the initial permit based on that increased capacity in the same manner as under current law. A person would have to apply to DNR for a revised permit in order to increase the amount of a withdrawal over the withdrawal amount in the permit.

i. Specify that, until December 7, 2021, the baseline, rather than the withdrawal amount in the permit, would be used to determine whether a proposed increase in a withdrawal amount is subject to a state or compact decision-making standard, if one of them is applicable. After December 7, 2021, the withdrawal amount would be used to determine whether a proposed increase in a withdrawal amount is subject to a state or compact decision-making standard, if one of them is applicable.

j. Change, from December 8, 2008, to December 8, 2011, the date upon which DNR may approve a water supply service area plan that provides for a new withdrawal by a public water supply system from the Great Lakes basin only if the withdrawal meets the state or

compact decision-making standard, whichever is applicable.

k. Specify that, beginning on December 8, 2011, DNR may approve a water supply service area plan that modifies or increases a withdrawal covered under a general or individual permit before December 8, 2021, so that the withdrawal equals 1,000,000 or more gallons per day for any 30 consecutive days over the baseline or if the plan provides for modifying the withdrawal after December 7, 2021, so that it equals 1,000,000 or more gallons per day for any consecutive days over the withdrawal amount as of date the Department issued the individual permit or the current notice of coverage under the general permit, only if the withdrawal meets the state or compact decision-making standard, whichever is applicable.

[Act 28 Sections: 2578pb thru 2578sd, and 2579e]

21. CONTAMINATED SEDIMENT REMOVAL BONDING [LFB

BR	\$5,000,000
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Paper 586]

Governor/Legislature: Provide \$5,000,000 BR, to increase, from \$17 million to \$22 million, the amount of general obligation bonds authorized to pay for a portion of the costs of a project to remove contaminated sediment from Lake Michigan or Lake Superior or their tributaries. Debt service costs are paid from the segregated environmental management account of the environmental fund.

Authorize DNR to use the bonding authority to pay for a portion of the costs of removal of contaminated sediment from Lake Michigan or Lake Superior or their tributaries if the project is in a water body that DNR has identified, under the federal Clean Water Act, as being impaired and the source of the impairment is contaminated sediment. Eliminate the current requirement that DNR can only use the bonding authority for a contaminated sediment removal project if federal funds are provided for the project under the federal Great Lakes Legacy Act.

[Act 28 Sections: 646 and 2628]

22. CONVERT POLLUTION ABATEMENT BOND DEBT SERVICE FROM GPR TO SEG [LFB Paper 596]

GPR	- \$8,000,000
SEG	<u>8,000,000</u>
Total	\$0

Governor/Legislature: Convert \$8,000,000 beginning in 2010-11, from GPR to SEG from the environmental management account of the environmental fund, for debt service costs on general obligation bonds issued under the former point source pollution abatement grant program. The pollution abatement grant program provided grants to municipalities for wastewater treatment system construction from 1978 to 1990. The clean water fund, within the Environmental Improvement Fund, replaced the pollution abatement grant program under 1987 Act 399, and began providing low-interest loans to municipalities for wastewater facilities in 1991. Currently, all debt service costs for the pollution abatement bonds are paid from a GPR sum sufficient appropriation. Under the bill, the first \$8 million in debt

service would be paid from the environmental management account, and any pollution abatement debt service costs that exceed \$8 million annually would continue to be paid from the existing GPR debt service appropriation. Pollution abatement debt service costs were \$46,066,400 in 2007-08, and are estimated at \$44,665,500 in 2008-09, \$35,254,700 in 2009-10, and \$24,881,600 in 2010-11.

[Act 28 Sections: 281, 284, and 640]

23. WELL NOTIFICATION FEES

Governor/Legislature: Authorize DNR to appoint any person who is not a DNR employee to act as the Department's agent to process well notifications and collect well notification fees for the Department. Specify that any person, including the Department, who accepts and processes a well notification fee must collect, in addition to the notification fee, a processing fee of 50 cents. An agent appointed by the Department to collect the fee would be allowed to retain the 50 cent fee to compensate the agent for the agent's processing services.

Before a landowner constructs a well that is not a high capacity well, he or she must pay a \$50 well notification fee. The fee is deposited in a groundwater quantity administration program revenue appropriation. For each \$50 well notification fee paid through the automated license issuance system (ALIS) system, DNR currently pays a transactional fee to the ALIS contractor and to the ALIS agent that collected the fee (the transactional fee is paid from the \$50 fee amount). Under the bill, the landowner would pay \$50.50 for the notification with the additional 50¢ retained by ALIS agents (perhaps \$5,600 annually). Approximately, 11,300 well notifications were processed in 2007-08, and almost all were processed by ALIS agents.

[Act 28 Sections: 2577 and 2578]

24. AUTHORIZE MILWAUKEE METROPOLITAN SEWERAGE DISTRICT TO USE DESIGN-BUILD PROCESS

Joint Finance: Authorize the Milwaukee Metropolitan Sewerage District (MMSD) to let one contract that uses the design-build construction process, and specify that contract may be let only for a project to purchase and install five turbines, associated equipment and buildings that are capable of transforming landfill gas into electricity, after the landfill gas is transported via pipeline from the Emerald Park Landfill in Muskego to the Jones Island Water Reclamation Facility in Milwaukee. (The design-build process would only be authorized for the turbines, associated equipment and buildings, and not for the pipeline.) "Design-build construction process" would be defined as a project delivery and procurement process for the design, construction, repair, renovation, installation, or demolition of a public works project under which a single entity is responsible for the professional design services and construction services related to the project.

Exempt the contract awarded under the design-build process from the current

requirement that MMSD must award contracts for all work done and all purchases of supplies and materials to the lowest responsible bidder complying with the invitation to bid unless MMSD rejects all bids or relets the contract.

Exempt the contract let under the design-build process from the requirement that MMSD administer a minority business development and training program and request contract proposals from minority businesses. Require MMSD to make an effort to ensure that: (a) the current statutory goal is met that requires proposals submitted by minority businesses to include a goal that at least 25% of the total number of workers in all construction trades employed on the project will be minority group members; and (b) the current statutory requirement is met that a subcontracting plan show that the primary contractor has made or will make a good faith effort to award at least 20% of the total contract amount to bona fide independent minority business subcontractors.

Direct MMSD to pay prevailing wages for the project authorized to be performed under the design-build process.

Require that when MMSD contracts for the project authorized under the design-build construction process, it must submit to the Department of Natural Resources (DNR) for approval performance objectives and preliminary designs in a form that is satisfactory to the Department, rather than complete plans.

Senate/Legislature: Delete provision.

25. TRANSFER COMMERCIAL CONSTRUCTION SITE EROSION CONTROL FROM COMMERCE

Joint Finance/Legislature: Transfer responsibilities for commercial construction site erosion control for construction sites for public buildings and buildings that are places of employment from Commerce to DNR effective on the first day of the seventh month after the effective date of the bill. DNR and Commerce would enter into a memorandum of understanding (MOU) related to administration of construction site erosion control prior to the transfer. [For more detail about this provision, see the entry under "Commerce -- Housing, Buildings, and Environmental Regulation."]

[Act 28 Sections: 275d, 702m thru 702t, 1449s, 1954g, 2075c thru 2075j, 2576n, 2576p, 9110(11f), and 9410(2f)]

Air, Waste, and Contaminated Land

1. STATE SOLID WASTE TIPPING FEES OVERVIEW [LFB Paper 590]

Governor: Increase state solid waste tipping fees by \$4.40 per ton for most waste disposed of in Wisconsin landfills. Current state tipping fees for most municipal, commercial and industrial waste (other than high-volume industrial waste) are \$5.897 per ton (\$3.797 per ton prior to November 1, 2007). The bill would include an increase of: (a) \$1.00 per ton for recycling for waste disposed of on or after October 1, 2009; (b) \$3.10 for environmental management for waste disposed of on or after July 1, 2009; and (c) 30¢ for nonpoint for waste disposed of on or after July 1, 2009. State solid waste tipping fees would total \$10.297 per ton for most waste. The administration estimated the fee increases would generate revenue of approximately \$48.63 million during the 2009-11 biennium, including \$15.89 million in 2009-10 and \$32.74 million in 2010-11.

Solid and hazardous waste disposal facilities (landfills) pay a tipping fee for each ton of waste, placed in the landfill. Exempt waste includes materials used for lining, daily cover, capping or constructing berms, dikes or roads within the facility. Further, certain paper company and contaminated sediment dredgings are exempt from the recycling fee. High-volume industrial waste, which would not be subject to the fee increase (currently approximately 50¢ per ton), includes paper mill sludge, bottom ash, foundry process waste and fly ash. Certain wastes that are used for daily cover at the landfill are exempt from the tipping fees.

Joint Finance/Legislature: Approve the Governor's recommendation and increase state solid waste tipping fees by an additional \$2.70 per ton. State solid waste tipping fees would total \$12.997 per ton for most waste, which is an increase of \$7.10 per ton over current law. The following table shows the amount of the state tipping fees under prior law, the Governor's recommendation, and the act.

State Solid Waste Tipping Fees - Non- High-Volume Industrial Waste

<u>Fund, Fee</u>	<u>Type</u>	<u>Prior Law</u>	<u>Governor</u>	<u>Act 28</u>	<u>Act 28 Change to Prior Law</u>
Recycling	SEG	\$4.00	\$5.00	\$7.00	\$3.00
Environmental management account - environmental repair	SEG	0.85	3.95	2.50	1.65
Environmental management account - groundwater	SEG	0.10	0.10	0.10	--
Environmental management account - well compensation	SEG	0.04	0.04	0.04	--
Nonpoint account	SEG	0.75	1.05	3.20	2.45
DNR Solid waste landfill administration	PR	0.15	0.15	0.15	--
DOA Solid Waste Facility Siting Board	PR	<u>0.007</u>	<u>0.007</u>	<u>0.007</u>	<u>--</u>
		\$5.897	\$10.297	\$12.997	\$7.10

The revenue increases from each fee are shown in the following table. The effects of each tipping fee increase are also identified under separate entries related to each funding source.

Tipping Fee Revenue Increase to Current Law

<u>Tipping Fee Type</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-11 Total</u>
Recycling	\$9,590,000	\$17,740,000	\$27,330,000
Environmental Management	5,470,000	10,762,000	16,232,000
Nonpoint	<u>8,535,000</u>	<u>16,926,000</u>	<u>25,461,000</u>
 Total	 \$23,595,000	 \$45,428,000	 \$69,023,000

2. ENVIRONMENTAL MANAGEMENT TIPPING FEE INCREASE [LFB Paper 596]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$34,790,000	-\$17,798,000	\$16,992,000

Governor: Increase the environmental management account - environmental repair tipping fee for waste disposed of in Wisconsin landfills on or after July 1, 2009, by \$3.10 per ton, from \$0.85 to \$3.95 per ton. The fee is assessed on waste other than high-volume industrial waste, with a few exceptions. The administration estimates the environmental management tipping fee increase would generate revenue of \$11,600,000 in 2009-10 and \$23,190,000 in 2010-11. The fee is deposited in the segregated environmental management account of the environmental fund.

In 2008-09, environmental management account revenues would be expected to be approximately \$28 million, and expenditures of \$31 million are authorized. It is anticipated agencies will need to reduce expenditures by \$2.6 million from authorized levels in 2008-09 to maintain a positive July 1, 2009, balance in the account.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified to: (a) reestimate the revenue increase to \$10,815,000 in 2009-10 (a decrease of \$785,000) and \$21,450,000 in 2010-11 (a decrease of \$1,740,000); (b) decrease the environmental management account tipping fee increase under the bill by \$1.80 per ton to reflect conversion of the three nonpoint program debt service appropriations to nonpoint instead of environmental management SEG (a decrease of \$18,963,000 in revenue to the environmental management account during the biennium, including \$6,350,000 in 2009-10 and \$12,613,000 in 2010-11); and (c) increase the environmental management account tipping fee by an additional \$0.35 per ton, to generate \$3,690,000 in additional revenue during the biennium (\$1,235,000 in 2009-10 and \$2,455,000 in 2010-11) in order to balance the environmental management account. The \$1.65 per ton environmental management account tipping fee increase (to \$2.50) would generate approximately \$16,992,000 during the biennium, including \$5,700,000 in 2009-10 and

\$11,292,000 in 2010-11.

Major changes in expenditures of environmental management account SEG under Act 28 are shown in the following table, and are described in separate entries.

<u>Environmental Management Account Expenditures - Change to Base</u>	<u>2009-10</u>	<u>2010-11</u>
DNR Convert Funding for 3.5 Hazardous Waste Positions from PR	\$351,800	\$351,800
DNR Convert Funding for Pollution Abatement Debt Service from GPR	0	8,000,000
DNR Operations Reductions - Delete 1.0 Solid Waste and 1.0 Remediation and Redevelopment Position	-102,400	-204,800
DNR Debt Service Reestimate - Administrative Facilities	48,400	132,600
DNR Debt Service Reestimate - Remedial Action	-9,000	266,700
DNR Debt Service Reestimate - Contaminated Sediment	<u>464,000</u>	<u>635,200</u>
Total - Major Items	\$752,800	\$9,181,500

3. TIPPING FEES FROM CONSTRUCTION LANDFILLS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-REV	\$1,094,500	-\$1,094,500	\$0
PR-REV	<u>500</u>	<u>- 500</u>	<u>0</u>
Total	\$1,095,000	-\$1,095,000	\$0

Senate/Legislature: Require owners of construction landfills to pay solid waste tipping fees for waste materials generated from the construction, demolition, or razing of buildings, effective with waste disposed of on or after January 1, 2010. A construction landfill would be defined as a solid waste disposal facility that accepts construction and demolition waste, which would include solid waste resulting from the construction, demolition or razing of buildings, roads and other structures. (This would be the same as the current definition in administrative code NR 500.03 (50).) Waste disposed of at construction landfills from the construction, demolition or razing of buildings would become subject to tipping fees, and waste disposed of at these landfills from the construction, demolition or razing of roads and other structures would remain exempt from tipping fees.

Currently, construction and demolition waste that is disposed of at licensed landfills is subject to state solid waste tipping fees. Waste at construction landfills, generally with a capacity of 250,000 cubic yards or less, that accept only construction and demolition waste, are not required to obtain a landfill license from DNR, are not required to report about the amount of waste disposed of at these landfills, and are not required to pay state tipping fees. However, construction and demolition waste landfills are required to meet requirements under administrative code for initial site inspection, operation plan, design, closure, and long-term financial responsibility. DNR is aware of 21 small (capacity of 50,000 cubic yards or less) and five intermediate (at least 50,000 cubic yards but no more than 250,000 cubic yards) construction and demolition waste landfills under the current administrative rule definition. While accurate data on the total number of tons of construction and demolition waste disposed of at these

landfills is not available, the amount could be estimated at perhaps 100,000 to 200,000 tons per year.

It is uncertain what portion of construction and demolition waste disposed of at construction landfills under the current administrative rule definition results from the construction, demolition or razing of buildings and what portion of the waste results from the construction, demolition or razing of roads and other structures. If, half of this waste is generated from the construction, demolition or razing of buildings, the amount of waste that might become subject to tipping fees under the provision could be estimated at perhaps 75,000 tons per year. However, the actual amount may vary considerably, depending on the actual amount of tons that would be reported to DNR.

The provision would make the waste from construction, demolition or razing of buildings that is disposed of at construction landfills subject to \$12.847 per ton of the \$12.997 per ton in state solid waste fees assessed under Joint Finance. The provision would not require licensing of construction landfills. Thus, these landfills would not be subject to the \$0.15 per ton landfill license surcharge assessed to licensed landfills under administrative code NR 520.04 (1)(d).

Based on an estimate of 75,000 tons becoming subject to state tipping fees, the proposal may generate revenue of approximately \$1,095,000, including \$131,500 SEG in 2009-10 and \$963,000 SEG and \$500 PR in 2010-11. This is shown in the following table.

**Potential Solid Waste Tipping Fees from Waste
from Construction, Demolition or Razing of Buildings**

<u>Fee</u>	<u>Type</u>	<u>Fee Amount</u>	<u>Revenue 2009-10</u>	<u>Revenue 2010-11</u>
Recycling Fund	SEG	\$7.00	\$131,500	\$525,000
Environmental Management Account	SEG	2.64*	0	198,000
Nonpoint Account	SEG	3.20	0	240,000
Solid Waste Facility Siting Board	PR	<u>0.007</u>	<u>0</u>	<u>500</u>
Total		\$12.847	\$131,500	\$963,500

* The \$2.64 for the environmental management account includes \$2.50 for environmental repair, \$0.10 for groundwater, and \$0.04 for well compensation.

Veto by Governor [A-11]: Delete provision.

[Act 28 Vetoed Sections: 2649g thru 2651g, 2656h thru 2656m, 2657b thru 2657h, 2658g, 2658m, and 9337(3e)]

**4. SOLID WASTE TIPPING FEES FOR PCB CONTAMINATED
SEDIMENT**

SEG-REV - \$760,000

Assembly/Legislature: Specify that PCB (polychlorinated biphenyls) contaminated

sediment would continue to pay the current \$0.85 per ton environmental management account-environmental repair solid waste tipping fee instead of \$2.50 per ton if: (a) it meets the same definition as PCB sediments that are currently exempt from the recycling tipping fee; and (b) the PCB sediment removal performed under the project began before the effective date of the bill. This would decrease revenue to the segregated environmental management by approximately \$760,000 during the biennium from the level under Joint Finance (\$230,000 in 2009-10 and \$530,000 in 2010-11). Currently, solid wastes are not subject to the recycling tipping fee if they are sediments that are contaminated with PCBs, and that are removed from the bed of a navigable water of this state in connection with a phase of a project to remedy contamination of the bed of a navigable water if the quantity of the sediments removed, either in the phase or in combination with other planned phases of the project, will exceed 200,000 cubic yards.

Approximately 600,000 tons of PCB contaminated sediment from the Fox River cleanup would be exempt from the recycling tipping fee during the biennium, including 280,000 tons in 2009-10 (calendar year 2009) and 320,000 tons in 2010-11 (calendar year 2010). These tons are subject to the prior environmental management-environmental repair tipping fee (\$0.85 per ton) and to the nonpoint tipping fee (\$3.20 per ton). The act exempts disposal of certain PCB contaminated dredge from the \$1.65 increase in the environmental management tipping fee. The fee for eligible PCB sediments is \$4.35 per ton as follows.

State Solid Waste Tipping Fees for Certain PCB Contaminated Sediment

<u>Fund, Fee</u>	<u>Prior Law</u>	<u>Act 28</u>
Recycling	exempt	exempt
Environmental management account - environmental repair	\$0.85	\$0.85
Environmental management account - groundwater	0.10	0.10
Environmental management account - well compensation	0.04	0.04
Nonpoint account	0.75	3.20
DNR Solid waste landfill administration	0.15	0.15
DOA Solid Waste Facility Siting Board	<u>0.007</u>	<u>0.007</u>
 Total	 \$1.897	 \$4.347

[Act 28 Sections: 2657u thru 2658e]

5. RECYCLING TIPPING FEE INCREASE [LFB Paper 591]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$10,480,000	\$16,850,000	\$27,330,000

Governor: Increase the recycling tipping fee for waste disposed of in Wisconsin landfills on or after October 1, 2009, by \$1 per ton, from \$4 to \$5 per ton. The fee is assessed on waste other than high-volume industrial waste, with a few exceptions. The administration estimates

the recycling tipping fee increase would generate revenue of \$3,170,000 in 2009-10 and \$7,310,000 in 2010-11. The fee is deposited in the segregated recycling and renewable energy fund.

In 2008-09, recycling and renewable energy fund revenues would be expected to be approximately \$50 million, and expenditures of \$57 million are authorized.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified to: (a) reestimate revenue to \$2,830,000 in 2009-10 (a decrease of \$340,000 from the administration's estimate) and \$5,420,000 in 2010-11 (a decrease of \$1,890,000); and (b) increase the recycling tipping fee by an additional \$2 per ton, to \$7, to generate additional revenue of approximately \$19,080,000 during the biennium, including \$6,760,000 in 2009-10 and \$12,320,000 in 2010-11. The \$3 per ton recycling tipping fee increase under the act is expected to generate approximately \$27,330,000 during the biennium, including \$9,590,000 in 2009-10 and \$17,740,000 in 2010-11.

[Act 28 Sections: 2657 and 9337(1)]

6. MUNICIPAL AND COUNTY RECYCLING GRANT PROGRAM

	Jt. Finance (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$1,000,000	\$4,000,000	\$5,000,000

Joint Finance: Increase the municipal and county recycling grant appropriation by \$1,000,000 recycling and renewable energy SEG in 2010-11. Under Joint Finance, the program would be appropriated \$29,098,100 in 2009-10 and \$30,098,100 in 2010-11. Further, direct that, no later than March 1, 2011, if recycling and renewable energy fund revenues exceed estimated amounts, DNR would be required to submit a request to the Joint Committee on Finance to request a corresponding increase in the 2010-11 appropriation for the municipal and county recycling grant program.

Senate: In addition, transfer \$2,500,000 from the general fund to the recycling and renewable energy fund, in each year, on a one-time basis during the 2009-11 biennium. Provide an additional \$2,500,000 recycling and renewable energy fund SEG annually for the municipal and county recycling grant program. This would provide a total of \$31,598,100 in 2009-10 and \$32,598,100 beginning in 2010-11.

Conference Committee/Legislature: Instead of the Senate provision, provide an additional \$2,000,000 recycling and renewable energy fund SEG annually for the municipal and county recycling grant program. Transfer \$2 million each year of the 2009-11 biennium from the petroleum inspection fund to the recycling and renewable energy fund. This would provide a total of \$31,098,100 in 2009-10 and \$32,098,100 in 2010-11 for recycling grants to local governments.

[Act 28 Section: 9137(4c)]

7. LOCAL RECYCLING PROGRAM VARIANCE

Governor: Authorize DNR to approve two types of variances to the recycling program operated by a local government (called a responsible unit) that has been determined to have an effective recycling program, if the responsible unit requests a variance that complies with the provision. First, if DNR promulgates a rule that requires a responsible unit to provide at least monthly curbside collection of materials required to be separated for recycling to single-family homes and buildings containing not more than four dwelling units, DNR would be required to grant a variance to that requirement if the responsible unit provides monthly curbside collection of materials separated for recycling to at least 80 percent of single-family residences and buildings containing not more than four dwelling units in the region. Second, DNR would be required to grant a variance to the requirement that residential dwellings separate recyclable materials for recycling, as it applies to single-family residences and buildings containing not more than four dwelling units, if at least 80 percent of those residences and buildings separate recyclable materials from postconsumer waste.

Currently, the designation as having an effective recycling program determines the responsible unit's eligibility for state recycling grant funds and ability to landfill or incinerate certain materials. Certain materials (such as newspaper, glass containers, and aluminum cans) must be separated for recycling and may only be landfilled if they are "residuals" remaining after other like materials have been separated for recycling from an effective recycling program. DNR administrative rule chapter NR 544 includes several effective recycling program requirements for responsible units, including requirements (among others) that: (a) municipalities with a population of 5,000 or greater and a population density greater than 70 persons per square mile must provide, at least monthly, curbside collection from single-family and two- to four-unit residences for at least glass, aluminum and steel containers, newspaper, certain plastic containers, and either corrugated paper or magazines; and (b) the local effective recycling program must include a requirement that the occupants of single-family residences, buildings containing two or more dwelling units, and commercial, retail, industrial and governmental facilities within the responsible unit must separate recyclable materials from postconsumer waste for recycling.

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

8. RECYCLING EFFICIENCY INCENTIVE GRANT PROGRAM [LFB Paper 592]

SEG	- \$3,800,000
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Governor: Delete \$1,900,000 annually from the segregated recycling and renewable energy fund, and repeal the recycling efficiency incentive grant program. The program provides grants to local governments that implement efficiencies in local recycling programs such as cooperative agreements between multiple local governments for recycling various recyclable materials, consolidation of recycling programs, and cooperative educational outreach efforts.

Joint Finance/Legislature: Maintain statutory authorization for the program but provide no funding during the 2009-11 biennium.

9. DEMONSTRATION AND BUSINESS RECYCLING GRANT PROGRAMS [LFB Paper 593]

SEG	- \$3,000,000
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Governor: Delete \$1,500,000 annually from the segregated recycling and renewable energy fund, and repeal two waste reduction and recycling grant programs. The programs include: (a) waste reduction and recycling demonstration grants to public and private entities for innovative projects that reduce the amount of waste generated or disposed of; and (b) contracts with nonprofit organizations to assist businesses to reduce the amount of waste that they generate or to increase the amount of waste that they recycle, with not more than \$250,000 provided annually to any nonprofit organization. The two programs are funded from the same appropriation, and DNR may determine how much to allocate to each program. Under 2007 Act 20, the appropriation amount was increased from \$500,000 annually to \$1,500,000 annually, beginning in 2007-08, with the intent of allocating the increase for business waste reduction and recycling assistance. DNR awarded five waste reduction and recycling demonstration grants totaling \$500,000 in 2007-08. DNR decided not to award any demonstration grants in 2008-09, and instead to transfer \$500,000 to the general fund as part of the lapse requirements of 2007 Acts 20 and 226. DNR entered into a cumulative total of five business waste reduction and recycling assistance contracts for \$508,100 with two nonprofit organizations.

Joint Finance/Legislature: Maintain statutory authorization for both programs but provide no funding during the 2009-11 biennium.

10. TRANSFER CLEAN SWEEP PROGRAM FROM DATCP [LFB Paper 594]

	Jt. Finance (Chg. to Base)	Legislature (Chg. to JFC)	Net Change
SEG	\$1,500,000	-\$1,500,000	\$0

Joint Finance: Provide \$750,000 recycling and renewable energy fund SEG annually, maintain statutory authorization for the clean sweep program, and transfer the program from the Department of Agriculture, Trade and Consumer Protection (DATCP) to DNR. Authorize DNR to use the DATCP administrative rules to administer the program during the 2009-11 biennium.

Clean sweep grants are provided to: (a) establish collection sites; (b) transport chemicals and containers to dealers, distributors or disposal sites; and (c) properly handle collected materials from their collection through their transfer or disposal. The program was expanded by 2007 Act 20 to include collection of unwanted prescription drugs. The statutes require at least a 25% cost-share by a participating county or municipality.

Assembly: Modify the Joint Finance provision by restoring the clean sweep program

under DATCP rather than DNR, and restore \$77,200 agrichemical management (ACM) SEG annually with 0.75 position for administration of the clean sweep grant program.

Senate: Adopt the Joint Finance provision. In addition, provide DNR with \$77,200 agrichemical management (ACM) SEG annually with 0.75 position for administration of the clean sweep grant program.

Conference Committee/Legislature: Include the Assembly provision. [See the entry under DATCP related to the proposed repeal and restoration of the clean sweep program in DATCP.]

11. RECYCLING GRANT FOR TOWN OF WRIGHTSTOWN

Joint Finance/Legislature: Direct DNR provide a grant of \$46,000 in 2010-11 from the municipal and county recycling grant appropriation to the Town of Wrightstown in Brown County to purchase recycling bins. Direct DNR to provide the grant to the Town of Wrightstown before calculating grants for other eligible applicants under the regular grant formula.

[Act 28 Sections: 278t and 9137(1q)]

12. REIMBURSEMENT FOR DISPOSAL OF PCB CONTAMINATED SEDIMENT [LFB Paper 595]

Joint Finance/Legislature: Modify the program for reimbursement for disposal of PCB contaminated sediment to provide an exception to the current requirement that applicants must submit a request for reimbursement within two years of the date the costs were incurred, to authorize applicants to submit a request for reimbursement for costs incurred between May 1, 2007, and June 30, 2009, no later than June 30, 2011. Maintain base funding of \$3,000,000 recycling and renewable energy fund SEG annually. The program was created in 2007 Act 20 to reimburse certain responsible parties for the difference between the cost of disposing in Wisconsin and transporting certain PCB (polychlorinated biphenyls) contaminated sediment to an out-of-state hazardous waste disposal facility. DNR has not promulgated administrative rules required for the program. The administration has indicated it intends to transfer all funds (\$6 million) in the biennium to the general fund.

[Act 28 Section: 2665e]

13. PERMANENT VEHICLE ENVIRONMENTAL IMPACT FEE [LFB Paper 597]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$17,530,000	- \$780,000	\$16,750,000

Governor: Repeal the current December 31, 2009, sunset of the \$9 per title vehicle environmental impact fee. The administration estimates making the fee permanent would generate additional revenue of \$5,805,000 in 2009-10 and \$11,725,000 in 2010-11. 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 fee was created effective December 1, 1997, and was increased from \$5 to \$9 effective October 1, 2001. The environmental management account provides funding for Department of Commerce brownfields grants, DNR brownfield site assessment and green space grants, and DNR administration of contaminated land cleanup, groundwater management, state-funded remediation actions, and debt service for general obligation bonds for remedial action. Revenues to the account are also generated from several other fees, including solid waste tipping fees, a transfer from the petroleum inspection fund, certain pesticide and fertilizer fees, and a sanitary permit surcharge. The vehicle environmental impact fee generates over 50% of revenue to the account, including \$11,739,200 in 2007-08. Environmental management account revenue totaled \$23.1 million in 2007-08. In addition, \$5.8 million was received for site specific remediation (primarily for the Fox River cleanup) and reserved for that purpose.

Joint Finance/Legislature: Approve the Governor's recommendation, with reestimated revenue at \$5,500,000 in 2009-10 and \$11,250,000 in 2010-11. This would be a decrease of \$780,000, including \$305,000 in 2009-10 and \$475,000 in 2010-11.

[Act 28 Section: 2899]

14. HAZARDOUS WASTE FEES AND STAFF [LFB Paper 598]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG-REV	\$1,000,000		-\$347,600		\$652,400	
PR	-\$1,004,800	-5.00	\$301,200	1.50	-\$703,600	-3.50
SEG	<u>1,004,800</u>	<u>5.00</u>	<u>-301,200</u>	<u>-1.50</u>	<u>703,600</u>	<u>3.50</u>
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Convert \$502,400 and 5.0 positions annually from solid and hazardous waste PR to environmental management account SEG.

Increase the base fee portion of the annual environmental repair fee for generators of hazardous waste from \$210 currently, to \$350 for generators of small quantities of hazardous waste and \$470 for generators of large quantities of hazardous waste. (Also, the current annual fee of \$20 per ton of hazardous waste generated would continue to be charged.) Increase the maximum environmental repair fee a generator of hazardous waste would be required to pay from \$17,000 to \$17,500 per year. The Administration estimates the fee increases would generate revenue of \$500,000 annually, beginning in 2009-10. The fees are deposited in the segregated environmental management account of the environmental fund.

Provide that it is the per ton portion of the environmental repair fee for hazardous waste that may not be assessed for certain wastes, rather than the environmental repair fee. Hazardous wastes that are recovered for recycling or reuse are currently exempt from the base fee and the tonnage fee. Under the bill, generators of such wastes would pay the base fee but not the tonnage fee, and some of these generators would be paying the environmental repair fee for hazardous waste for the first time.

Direct DNR to promulgate an administrative rule that defines "large quantity generator" and "small quantity generator" for assessing the annual fee for hazardous waste generators. Authorize the Department to promulgate an emergency rule without a finding of emergency. The emergency rule would remain in effect until July 1, 2011, or the date on which the permanent rule takes effect, whichever is sooner.

Joint Finance/Legislature: Approve the Governor's recommendation related to fee increases. Reestimate revenue at \$326,200 annually, which is a decrease of \$173,800 each year. Convert \$351,800 and 3.5 hazardous waste positions annually from PR to SEG, instead of \$502,400 and 5.0 positions recommended by the Governor, to reflect anticipated revenue.

[Act 28 Sections: 2659 thru 2662, and 9137(2)]

15. REMEDIATION AND REDEVELOPMENT STAFF

Governor/Legislature: Convert \$352,000 and 4.0 positions annually in the Bureau for Remediation and Redevelopment from FED to petroleum inspection fund SEG.

	Funding	Positions
FED	-\$704,000	- 4.00
SEG	<u>704,000</u>	<u>4.00</u>
Total	\$0	0.00

16. ENVIRONMENTAL SURCHARGE RATE AND ALLOCATION

SEG-REV	\$135,000
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Joint Finance/Legislature: Increase the environmental surcharge from 10% to 20% of the amount of the forfeiture or fine imposed for the violation of an environmental law, effective for violations committed on or after the effective date of the bill. Deposit 70% of the 20% environmental surcharges in the University of Wisconsin System's environmental education board (WEEB) appropriation for environmental education grants. Deposit the remaining 30% in the segregated environmental management account. Maintain the current deposit of 50% of the 10% environmental surcharges in the UW appropriation and 50% for other environmental management account purposes. [See "UW System" for the changes related to WEEB.]

Currently, when a court imposes a forfeiture (civil monetary penalty) or fine on a person for a violation of an environmental law, it also imposes an environmental surcharge equal to 10% of the forfeiture or fine. Environmental laws subject to the surcharge relate to wastewater discharge, drinking water, septic tanks, solid waste, hazardous waste, and air emissions. The environmental surcharges are currently deposited in the environmental management account. Fifty percent of the surcharges are currently deposited in the UW System's environmental education appropriation, and the remaining 50% are used by the other appropriations in the

account. Estimate increased revenues of \$45,000 in 2009-10 and \$90,000 in 2010-11.

[Act 28 Sections: 261t, 2665r, and 2665s]

17. AIR OPERATION PERMIT FEES AND STAFF [LFB Paper 600]

	Funding	Positions
PR-REV	\$4,310,000	
PR	-\$2,456,800	- 10.50

Governor: Transfer \$1,145,300 and 10.0 positions annually from the program revenue appropriation for stationary sources of air pollution that are required to obtain an operation permit under the federal Clean Air Act, to the program revenue appropriation for stationary sources that are required under state law, but not under the federal Clean Air Act, to obtain an operation permit. In addition, delete \$1,228,400 and 10.5 positions annually from the federally-regulated operation permit PR appropriation. Under the bill, the Bureau of Air Management would be authorized 57 positions for administration of operation permits for federally-regulated sources and 20 positions for administration of operation permits for sources regulated under state law, but not under the federal Clean Air Act.

Replace the operation fee structure for stationary sources that are required under state law, but not under the federal Clean Air Act, to obtain an operation permit, with a new fee structure, effective January 1, 2010. The administration estimates the fee increases will generate revenue of \$2,155,000 annually. The changes in fees would not affect fees paid by federally-regulated sources. The fee changes include:

a. Delete the current fee structure for state-regulated sources, (the current fees would have generated approximately \$655,000 in each of 2009-10 and 2010-11, and \$717,200 was collected in 2007-08), including: (1) \$300 annual exemption fee for a stationary source that is exempt from the requirement to obtain an operation permit (\$13,200 collected in 2007-08); (2) air emission tonnage fee of \$35.71 per ton for federally-enforceable state operation permits, which is a permit option for federally-regulated sources that choose to reduce air emissions enough to become a state-regulated source (\$340,700 in 2007-08); (3) air emission tonnage fee of \$35.71 for state operation permits for minor sources, such as some rock crushers, drycleaners and smaller boilers, that are not subject to federal permit requirements (\$164,100 in 2007-08); (4) registration permit fee of \$1,100 in the first year and \$35.71 per ton emission fees in subsequent years, for sources with low actual or potential emissions of generally less than 25 tons per year (\$108,200 in 2007-08); (5) general permit fee of \$2,300 in the first year and \$35.71 per ton emission fees in subsequent years, for similar categories of sources, such as nonmetallic mineral processing facilities, printers, asphalt plants, and crushers (\$91,000 in 2007-08); and (6) \$7,500 one-time fee if a facility is not covered by a registration or general permit, and \$35.71 per ton emission fees in subsequent years (no one has used this option).

b. Create a fee of \$3,475 annually for an operation permit for one or more points of emission from an existing source in order to limit the source's potential to emit so that the existing source is not a major source, if the operation permit includes federally-enforceable conditions that allow the amount of emissions to be at least 80 percent of the amount that

results in a stationary source being classified as a major source. (Major sources are federally-regulated sources that emit pollutants greater than a certain quantity, varying with the type of pollutant and whether the source is in an area of the state with a high level of air pollution that does not meet federal air quality standards.) The administration estimates this fee will generate revenue of \$2,224,000 annually. (This fee would generally be paid by some of the sources that currently pay the fees described in a.(2) and a.(3) above.)

c. Create a fee of \$775 annually for other stationary sources that are required to obtain an operation permit under state law, but not under the federal Clean Air Act. The administration estimates this fee will generate revenue of \$586,000 annually. (This fee would generally be paid by some of the sources described under a.(2) and a.(3), and most of the sources under a.(4), a.(5), and a.(6).)

d. Sources that are exempt from the requirement to obtain an operation permit would not pay a permit exemption fee. (These are the sources described under a.(1).)

e. Authorize DNR to specify that an operation permit may have a term of longer than five years or may have no expiration date, if the permit is for a stationary source regulated under state law, but not under the federal Clean Air Act, and if the permit is not a registration or general permit.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified to: (a) create a fee of \$4,100 annually (instead of \$3,475) for a state operation permit for one or more points of emission from an existing source in order to limit the source's potential to emit so that the existing source is not a major source, if the operation permit includes federally-enforceable conditions that allow the source to be at least 80 percent of the amount that results in a stationary source being classified as a major source; and (b) create a fee of \$300 annually (instead of \$775) for all other state-regulated stationary sources.

[Act 28 Sections: 268, 269, 272, 286, 289, 2633 thru 2643, and 9437(4)]

18. AIR ASBESTOS INSPECTION FEES AND STAFF [LFB Paper 601]

Governor/Legislature: Convert \$120,400 and 2.0 positions, beginning in 2010-11, from federal funding to program revenue from air management asbestos inspection fees. Staff administer asbestos abatement regulations, oversee contractors that conduct inspections of asbestos abatement activities, and provide training. Currently, 2.0 positions are authorized from the fees.

	Funding	Positions
PR-REV	\$257,000	
FED	-\$120,400	- 2.00
PR	<u>120,400</u>	<u>2.00</u>
Total	\$0	0.00

Increase asbestos fees for asbestos abatement performed as part of nonresidential demolition and renovation projects. The administration estimates the fee increases would generate revenue of \$257,000 annually, beginning in 2010-11. The fee increases would include: (a) increase the statutory maximum fee for a combined asbestos inspection fee and construction

permit exemption review fee from \$400 to \$700 if the combined square and linear footage of friable (readily crumbled or brittle) asbestos-containing material involved in the project is less than 5,000; (b) increase the statutory maximum combined fee from \$750 to \$1,325 if the combined square and linear footage is equal to or greater than 5,000 (the actual fee amounts for (a) and (b) are established in administrative rule and can not exceed the statutory maximum); (c) create a \$100 fee for DNR inspection of a property proposed to be used for a community fire safety training project for which the Department requires inspection; (d) create a \$100 fee for DNR review of a revised notice of an asbestos renovation or demolition activity; and (e) create a requirement for payment of a fee equal to the fee under (a) or (b) for DNR inspection of a property for which an advance notice of asbestos renovation or demolition was not made as required.

[Act 28 Sections: 2644 thru 2648]

19. DISPOSAL OF ASH AFTER PRACTICE BURNS OF STRUCTURES

Senate/Legislature: Prohibit DNR from requiring that ash resulting from the burning of a structure for practice or instruction of fire fighters or the testing of fire equipment be disposed of in a landfill licensed by DNR. (The provisions of 2009 AB 87.) Administrative code NR 502.11 (2)(c) requires that when a structure is burned for practice and instruction of fire fighters or testing of fire fighting equipment, the ash from the burned structure must be disposed of, when cool, in a landfill approved by DNR. The act negates this rule. NR 502.11 (2)(c) also authorizes the Department to approve alternate ash disposal sites if groundwater and surface water quality will not be affected. DNR's fiscal note to AB 87 estimated the provision would reduce the amount of waste disposed of in Wisconsin landfills by approximately 3,200 tons annually. This could reduce state tipping fee revenue up to \$41,000 annually.

[Act 28 Section: 2656k]

20. TRANSFER FROM ENVIRONMENTAL IMPROVEMENT FUND TO DRY CLEANER ENVIRONMENTAL RESPONSE FUND [LFB Paper 342]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
SEG	\$0	\$3,218,400	\$3,218,400

Governor: Authorize the Secretary of DOA to determine whether the moneys available in the dry cleaner environmental response fund (DERF) are insufficient to pay awards under the dry cleaner environmental response program (DERP). If the Secretary of DOA makes such a determination, authorize the Secretary of DOA and the Secretary of DNR to enter into an agreement establishing terms and conditions for the transfer of moneys from the environmental improvement fund to the DERF. Require that the agreement include a maximum transfer amount and the repayment by DERF to the environmental improvement fund of the amount

transferred plus interest when sufficient funds are available in the DERF. Specify that the maximum amount that could be transferred would be the lesser of \$6,200,000, or the difference between \$20,000,000 and the amount that has been expended for land recycling loans.

The dry cleaner environmental response program provides reimbursement for a portion of the costs of cleaning up discharges of dry cleaning solvents. The program is funded from revenues that include: (a) a dry cleaning license fee paid by owners of dry cleaning facilities, equal to 2.8% of gross receipts from dry cleaning (the fee was increased from 1.8% effective January 1, 2008, under 2007 Act 20); and (b) a dry cleaning solvents fee paid by persons who sell dry cleaning solvents to dry cleaners, equal to \$5.00 per gallon of perchloroethylene, or \$0.75 per gallon of other dry cleaning products. The fund had a July 1, 2007, deficit of approximately \$0.2 million. In the 2007-09 biennium, DERF revenues will total approximately \$2.6 million and administrative expenditures will total approximately \$0.6 million. This leaves \$1.8 million to pay claims in 2007-09. As of February, 2009, DNR had reviewed or was reviewing approximately \$1.9 million in claims that would be paid as sufficient revenues are received by the program. DNR anticipates that, under current law, claims received in February, 2009, will be paid in the spring of 2011.

The land recycling loan program is authorized to provide a maximum of \$20,000,000 for financial assistance to certain local governments for the investigation and remediation of contaminated properties. DOA estimates approximately \$6,214,000 remains available for financial assistance under the program. Thus, if the maximum amount of \$6,200,000 would be transferred from the environmental improvement fund to the dry cleaner environmental response fund, approximately \$14,000 would remain for future land recycling loans.

Joint Finance/Legislature: Approve the Governor's recommendation, and, in addition, increase the DNR dry cleaner environmental response financial assistance appropriation by \$3,600,000 in 2009-10 and decrease it by \$381,600 in 2010-11, to provide a total of \$5,508,800 for dry cleaner awards during the 2009-11 biennium.

[Act 28 Sections: 264 and 677]

21. ENVIRONMENTAL CLEANUP COST RECOVERY INSTALLMENT PAYMENTS

Governor/Legislature: Currently, DNR is authorized to take actions to prevent or cleanup environmental contamination if the responsible party can not be or will not pay for cleanup costs. DNR may then seek recovery of its cleanup costs from the responsible party. Sometimes DNR allows responsible parties to reimburse the state's cleanup costs in installment payments made over a period of time. Under the bill, DNR would require monthly interest payments, at an interest rate determined by the Department, on the outstanding balance of the reimbursement.

[Act 28 Sections: 2663 thru 2665]

OFFICE OF STATE EMPLOYMENT RELATIONS

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$10,701,800	\$0	\$0	\$0	\$0	-\$10,701,800	- 100.0%
PR	<u>2,294,800</u>	<u>13,007,000</u>	<u>11,988,400</u>	<u>11,988,400</u>	<u>11,988,400</u>	<u>9,693,600</u>	422.4
TOTAL	\$12,996,600	\$13,007,000	\$11,988,400	\$11,988,400	\$11,988,400	-\$1,008,200	- 7.8%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	50.00	0.00	0.00	0.00	0.00	- 50.00
PR	<u>5.50</u>	<u>55.50</u>	<u>55.50</u>	<u>55.50</u>	<u>55.50</u>	<u>50.00</u>
TOTAL	55.50	55.50	55.50	55.50	55.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$139,000
PR	<u>1,400</u>
Total	\$140,400

Governor/Legislature: Provide standard adjustments to the base budget totaling \$69,500 GPR and \$700 PR annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$31,400 GPR and \$1,900 PR annually); and (b) full funding of lease costs and directed moves (\$38,100 GPR and -\$1,200 PR annually).

2. ACROSS-THE-BOARD 1% REDUCTIONS

PR	- \$130,000
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Governor/Legislature: Delete \$65,000 annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below. Under the bill, the GPR appropriation account for OSER's general program operations is repealed, and increased expenditure authority (\$5.4 million annually) is provided to a renamed PR general program operations appropriation account. The 1% reduction is taken from the

combined total of the adjusted base budget amounts for both appropriations (-\$56,800 annually).

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	General program operations	\$325,000	-\$56,800*
PR	Employee development and training	284,700	-2,800*
PR	Services to non-state governmental units	218,400	-2,200
PR	Collective bargaining grievance arbitrations	159,600	-1,600*
PR	Publications	159,700	-1,600*

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

PR	- \$138,600
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Joint Finance/Legislature: Delete \$69,300 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

4. STATE EMPLOYEE FURLOUGH

PR	- \$212,600
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Joint Finance/Legislature: Delete \$106,300 annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium.

5. AGENCY 5.135% BUDGET REDUCTIONS

PR	- \$667,400
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Joint Finance/Legislature: Delete \$333,700 annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. Annual reductions amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Services to non-state governmental units	\$218,400	-\$11,200
PR	Employee development and training services	284,700	-14,600
PR	General program operations	5,675,900	-291,500
PR	Publications	159,700	-8,200
PR	Collective bargaining grievance arbitrations	159,600	-8,200

6. ELIMINATION OF 2% GENERAL WAGE ADJUSTMENTS FOR STATE EMPLOYEES

Joint Finance/Legislature: Delete \$72,360,300 (all funds) annually relating to the roll-back of 2% general wage adjustments for state employees scheduled to take effect on June 7, 2009. The reductions would include \$30,195,800 GPR, \$10,391,300 FED, \$25,841,400 PR, and \$5,931,800 SEG. The amounts lapsable to the general fund are estimated at \$49,905,700 (all funds)

annually. The estimated annual total includes \$30,195,800 GPR, \$16,865,700 GPR-REV and \$2,844,200 GPR Lapse. The reductions for each state agency are included in the respective agency summaries.

7. UNPAID LEAVE (FURLOUGH) FOR STATE EMPLOYEES

Joint Finance/Legislature: Delete \$96,145,800 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions would include \$36,362,300 GPR, \$15,672,900 FED, \$35,019,700 PR, and \$9,090,900 SEG. The amounts lapsable to the general fund are estimated at \$60,598,300 (all funds) annually. The estimated annual total includes \$36,362,300 GPR, \$21,749,300 GPR-REV, and \$2,486,700 GPR Lapse. The reductions for each state agency are included in the respective agency summaries.

8. TRANSFER HUMAN RESOURCES FUNCTIONS [LFB Papers 605 and 606]

	Funding	Positions
GPR	-\$10,840,800	- 50.00
PR	<u>10,840,800</u>	<u>50.00</u>
Total	\$0	0.00

Governor: Convert OSER operations and staff from GPR to PR funding and transfer human resources staff from executive branch state agencies [excluding the University of Wisconsin System (UW System)], to OSER in the 2009-11 biennium. Repeal the Office's GPR appropriation account for general program operations and delete \$5,420,400 GPR and 50.0 GPR positions annually. Provide \$5,420,400 PR and 50.0 PR positions annually to an existing PR continuing appropriation account for funds received from other state agencies and change the name of the PR appropriation account to general program operations. Provide that the Director of OSER and the administrator of OSER's Division of Merit Recruitment and Selection may provide any services and materials to agencies and may charge the agencies for providing the services and materials. Provide that all moneys received from the charges shall be deposited in the PR appropriation account for general program operations.

Require that, before July 1, 2011, the Secretary of DOA, with the assistance of the Director of OSER, must: (a) identify and abolish all authorized FTE positions in executive branch state agencies that are responsible for the performance of human relations functions for those agencies; and (b) identify employees whose positions are abolished. Provide that the Secretary of DOA may transfer any employee so identified to OSER. An executive branch state agency would be defined as any office, department, or independent agency in the executive branch of state government, other than the Board of Regents of the UW System.

Employees transferred to OSER would have all the rights and the same status under state employment relations law in OSER that they enjoyed in the executive branch state agencies from which they were transferred. Provide that no transferred employee who has attained permanent status in class would be required to serve a probationary period. Provide that the authorized FTE positions for OSER, funded from the PR general program operations

appropriation account created under the bill, would be increased by the number of individuals transferred to OSER under these provisions, for the purpose of providing human resources services to state agencies. Therefore, the transferred positions would all be PR funded positions.

Require the Secretary of DOA, in 2009-10 and 2010-11, to submit to the Cochairpersons of the Joint Committee on Finance a report on the implementation of the transfer of employees who perform human relations functions to OSER.

Joint Finance/Legislature: Approve the Governor's recommendation to convert OSER operations and staff from GPR to PR funding. Delete the provision for a PR continuing general program operations appropriation account and instead create a program revenue sum certain annual appropriation for general program operations. Require OSER to promulgate rules specifying the manner in which agency charges for OSER services will be determined.

Delete the Governor's provisions to authorize the Secretary of DOA, with the assistance of the Director of OSER, to: (a) identify and abolish all authorized FTE positions in executive branch state agencies that are responsible for the performance of human relations functions for those agencies; and (b) identify employees whose positions are abolished. Delete the provision to authorize the Secretary of DOA to transfer any employee so identified to OSER.

Instead, provide that the Secretary of DOA may evaluate the administration of human resources functions in executive branch agencies and to develop a proposal for the consolidation of human resources functions, including an identification of positions to be eliminated and the additional position authority required for OSER. Provide that the Secretary of DOA may notify the Joint Committee on Finance in writing of his or her proposed action. If the Cochairpersons of the Committee do not notify the Secretary that the Committee has scheduled a meeting for the purpose of reviewing the proposed action within 14 working days after the date of the Secretary's notification, the consolidation plan and position changes may be made as proposed by the Secretary. If, within 14 working days after the date of the Secretary's notification, the Cochairpersons of the Committee notify the Secretary that the Committee has scheduled a meeting for the purpose of reviewing the proposed action, the position changes may be made only upon approval of the Committee.

If a plan is implemented under this provision, provide that employees transferred to OSER would have all the rights and the same status under state employment relations law in OSER that they enjoyed in the executive branch state agencies from which they were transferred. Provide that no transferred employee who has attained permanent status in class would be required to serve a probationary period. Provide that the authorized FTE positions for OSER, funded from the PR general program operations appropriation account created under the bill, would be increased by the number of individuals transferred to OSER under these provisions, for the purpose of providing human resources services to state agencies. Require the Secretary of DOA to submit, by June 30, 2011, to the Cochairpersons of the Joint Committee on Finance, a report on the implementation of the transfer of employees who perform human relations functions to OSER, approved under this process.

Exclude the following agencies from the provision: (a) the Department of Employee Trust Funds; (b) the Department of Justice; (c) the Department of Public Instruction; (d) the State of Wisconsin Investment Board; (e) the Office of State Public Defender; and (f) the office of any district attorney.

Veto by the Governor [E-1]: Deletes the term "by rule" from the methodology provision. Under the veto, OSER will be required to establish a methodology for determining agency charges, but will not be required to promulgate administrative rules relating to the methodology.

[Act 28 Sections: 596, 597, 2483, 2485, and 9101(8c)]

[Act 28 Vetoed Section: 2483]

9. PROGRAM REVENUE POSITION REALIGNMENT

Governor/Legislature: Transfer \$19,100 PR and 0.50 PR human resources assistant position annually from the program revenue appropriation account for services to non-governmental units to the program revenue appropriation account for general program operations created under the bill. The transfer is the result of a realignment of workload within the agency.

10. COLLECTIVE BARGAINING RIGHTS FOR UNIVERSITY OF WISCONSIN SYSTEM FACULTY AND ACADEMIC STAFF [LFB Paper 607]

Governor: Create Subchapter VI of Chapter 111 [Employment Relations] and provide faculty and academic staff of the University of Wisconsin System (UW System) with the right to collectively bargain over wages, hours, and conditions of employment. The provisions under Subchapter VI would be similar, but not identical to, those of the State Employment Labor Relations Act (SELRA) under current law [Subchapter V of Chapter 111].

Board of Regents

Provide that the Board of Regents would negotiate and administer collective bargaining agreements for UW faculty and academic staff. Require the Board of Regents to establish a collective bargaining capacity and represent the state in its responsibility as an employer, and to coordinate its actions with the Director of the Office of State Employment Relations (OSER). To coordinate the employer position in the negotiation of agreements, require the Board of Regents to maintain close liaison with OSER relative to the negotiation of agreements and the fiscal ramifications of those agreements. The legislative branch would be required to act upon those portions of tentative agreements negotiated by the Board of Regents that require legislative action. With respect to labor proposals, require the Board of Regents to notify and consult with the Joint Committee on Employment Relations (JCOER), in such form and detail as JCOER requests, regarding substantial changes in wages, employee benefits, personnel management,

and program policy contract provisions to be included in any contract proposal to be offered to any labor organization by the state, or to be agreed to by the state, before such proposal is actually offered or accepted.

Faculty and Academic Staff

Under current law, "faculty" in the UW System is defined in statute as persons who hold the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in an institution, and such academic staff as may be designated by the chancellor and faculty of the institution. "Academic staff" is defined as professional and administrative personnel with duties, and subject to types of appointments, that are primarily associated with higher education institutions or their administration, but does not include faculty, or Board of Regents staff. Under current law, faculty and academic staff of the UW System are unclassified civil service employees who do not have collective bargaining rights.

Under the bill, for the purpose of collective bargaining rights, faculty would have the meaning under current law and would include faculty who are supervisors or management employees. Faculty holding limited appointments and deans would be excluded. For the purpose of collective bargaining rights, academic staff would have its meaning under current law, except that academic staff supervisors, management employees, individuals who are privy to confidential matters affecting the employer-employee relationship, or professional librarians who are also classified as faculty would be excluded. Faculty and academic staff meeting these definitions would be deemed employees with the right of self-organization and the right to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in lawful, concerted activities for the purpose of collective bargaining or other mutual aid or protection. Employees would also have the right to refrain from any such activities.

Although academic staff supervisors would not be considered employees under the provisions of the bill, the Wisconsin Employment Relations Commission (WERC) would be authorized to consider a petition for a statewide collective bargaining unit consisting of academic staff supervisors, but the representative of the academic staff supervisors may not be affiliated with any labor organization representing employees. Affiliation would not include membership in a national, state, county, or municipal federation of national or international labor organizations. Under the bill, the certified representative of the academic staff supervisors would not be authorized to bargain collectively with respect to any matter other than wages and fringe benefits.

Collective Bargaining Units

Provide that collective bargaining units for faculty in the unclassified service of the state would be structured with 15 separate collective bargaining units: (a) 13 collective bargaining units for faculty at each UW System campus (Madison, Milwaukee, Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior, and

Whitewater); (b) one collective bargaining unit for faculty of UW Extension; and (c) one collective bargaining unit for faculty of UW Colleges.

Similarly, provide that collective bargaining units for academic staff in the unclassified service of the state would be structured with 15 separate collective bargaining units: (a) 13 collective bargaining units for academic staff at each UW System campus (Madison, Milwaukee, Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior, and Whitewater); (b) one collective bargaining unit for academic staff of UW Extension; and (c) one collective bargaining unit for academic staff of UW Colleges.

Provide that: (a) two or more faculty collective bargaining units may be combined into a single unit; and (b) two or more academic staff collective bargaining units may be combined into a single unit. If two or more collective bargaining units seek to combine into a single collective bargaining unit, WERC would be required, upon the petition of at least 30 percent of the employees in each unit, to hold an election to determine whether a majority of those employees voting in each unit desire to combine into a single unit. A combined collective bargaining unit would be formed and would include all employees from each of those units in which a majority of the employees voting in the election approve a combined unit. The combined collective bargaining unit would be formed immediately, if there is no existing collective bargaining agreement in force in any of the units to be combined. If there is a collective bargaining agreement in force at the time of the election in any of the collective bargaining units to be combined, the combined unit would be formed upon expiration of the last agreement for the units concerned.

If two or more collective bargaining units have combined, WERC would also be required, upon petition of at least 30 percent of the employees in any of the original units, to hold an election of the employees in the original unit to determine whether the employees in that unit desire to withdraw from the combined collective bargaining unit. If a majority of the employees voting desire to withdraw from the combined collective bargaining unit, separate units consisting of the unit in which the election was held and a unit composed of the remainder of the combined would be formed. The new collective bargaining units would be formed immediately if there is no collective bargaining agreement in force for the combined unit. If there is a collective bargaining agreement in force for the combined collective bargaining unit, the new units would be formed upon the expiration of the agreement. While there is a collective bargaining agreement in force for the combined collective bargaining unit, a petition for an election could be filed only during October in the calendar year prior to the expiration of the agreement.

Provide that any labor organization may petition for recognition as the exclusive representative of a collective bargaining unit for UW faculty or academic staff in accordance with the election procedures under the bill, if the petition is accompanied by a 30 percent showing of interest in the form of signed authorization cards. Any additional labor organization seeking to appear on the ballot would be required to file a petition within 60 days of the date of filing of the original petition and prove, through signed authorization cards, that at least 10 percent of the employees in the collective bargaining unit want it to be their

representative.

Provide that WERC would be required to assign UW faculty and academic staff employees to the appropriate collective bargaining unit.

Representatives and Elections

Provide that a representative chosen for the purposes of collective bargaining by a majority of the employees voting in a collective bargaining unit would be the exclusive representative of all of the employees in a unit for the purposes of collective bargaining. Any individual employee, or any minority group of employees in any collective bargaining unit, would be permitted to present any grievance to the employer in person, or through representatives of their own choosing. Require that the employer confer with the individual employee or group of employees with respect to the grievance if the majority representative has been afforded the opportunity to be present at the conference. Any adjustment resulting from such a conference may not be inconsistent with the conditions of employment established by the majority representative and the employer.

Provide that, whenever a question arises concerning the representation of employees in a collective bargaining unit, WERC would be required to determine the representation by taking a secret ballot of the employees and certifying in writing the results to the interested parties and to the Board of Regents. Any ballot for the election of representatives must include the names of all labor organizations having an interest in representing the employees participating in the election as indicated in petitions filed with WERC. The name of any existing representative must be included on the ballot without the necessity of filing a petition. WERC would be authorized to exclude from the ballot one who, at the time of the election, stands deprived of his or her rights under state employment relations law by reason of a prior adjudication of his or her having engaged in an unfair labor practice. Provide that the ballot permit a vote against representation by anyone named on the ballot.

Provide that, for elections in a collective bargaining unit, whenever more than one representative qualifies to appear on the ballot, the ballot must be prepared to provide separate votes on two questions. The first question would be: "Shall the employees of the (name of collective bargaining unit) participate in collective bargaining?". The second question would be: "If the employees of the (name of collective bargaining unit) elect to participate in collective bargaining, which labor organization do you favor to act as representative of the employees?". The second question must not include a choice for no representative. All employees in the collective bargaining unit would be permitted to vote on both questions. Unless a majority of those employees voting in the election vote to participate in collective bargaining, no votes for a particular representative would be counted. If a majority of those employees voting in the election vote to participate in collective bargaining, the ballots for representatives would be counted. Provide that WERC's certification of the results of any election would be conclusive as to the findings included therein, unless reviewed by a court under administrative procedure and review law.

Provide that, whenever an election has been conducted for the representation of employees in the collective bargaining unit in which a majority of the employees voting indicate a desire to participate in collective bargaining, but in which no named representative is favored by a majority of the employees voting, WERC would be authorized, if requested by a party to the proceeding within 30 days from the date of the certification of the results of the election, to conduct a runoff election. In that runoff election, WERC would be required to drop from the ballot the name of the representative who received the least number of votes at the original election.

Provide that while a collective bargaining agreement between a labor organization and an employer is in force, a petition for an election in the collective bargaining unit to which the agreement applies would be allowed only during October in the calendar year prior to the expiration of that agreement. An election held under that petition would be held only if the petition is supported by proof that at least 30 percent of the employees in the collective bargaining unit desire a change or discontinuance of existing representation. Within 60 days of the time that an original petition is filed, another petition may be filed supported by proof that at least 10 percent of the employees in the same collective bargaining unit desire a different representative. Provide that, if a majority of the employees in the collective bargaining unit vote for a change or discontinuance of representation by any named representative, the decision would take effect upon expiration of any existing collective bargaining agreement between the employer and the existing representative.

Unfair Labor Practices

Provide that it would be an unfair labor practice for an employer, individually or in concert with others, to do any of the following:

a. To interfere with, restrain, or coerce employees in the exercise of their rights guaranteed under these provisions.

b. To initiate, create, dominate, or interfere with the formation or administration of any labor or employee organization or contribute financial support to it. [With limited exceptions, no change in any law affecting the Wisconsin Retirement System (WRS) and no action by the employer that is authorized by such a law would be a violation of this provision unless an applicable collective bargaining agreement specifically prohibited the change or action. Further, no such change or action would affect the continuing duty to bargain collectively regarding the WRS to the extent required under employment relations law. The bill would also provide that it is not an unfair labor practice for the employer to reimburse an employee at his or her prevailing wage rate for the time spent during the employee's regularly scheduled hours conferring with the employer's officers or agents and for attendance at WERC or court hearings necessary for the administration of employment relations provisions.]

c. To encourage or discourage membership in any labor organization by discrimination in regard to hiring, tenure, or other terms or conditions of employment. [This provision would not apply to fair-share or maintenance of membership agreements described

below.]

d. To refuse to bargain collectively on authorized matters with a representative of a majority of its employees in an appropriate collective bargaining unit. [Provide that, whenever the employer has a good faith doubt as to whether a labor organization claiming the support of a majority of its employees in an appropriate collective bargaining unit does in fact have that support, it may file a petition with WERC requesting an election as to that claim. The employer would not be considered to have refused to bargain until an election has been held and the results of the election are certified to the employer by WERC. Provide that a violation of this provision would include the refusal to execute a collective bargaining agreement previously orally agreed upon.]

e. To violate any collective bargaining agreement previously agreed upon by the parties with respect to wages, hours, and conditions of employment affecting the employees, including an agreement to arbitrate or to accept the terms of an arbitration award, when previously the parties have agreed to accept such award as final and binding upon them.

f. To deduct labor organization dues from an employee's earnings, unless the employer has been presented with an individual order, signed by the employee personally, and terminable by at least the end of any year of its life or earlier by the employee giving at least 30 but not more than 120 days written notice of such termination to the employer and to the representative labor organization. The employer would also be required to give notice to the labor organization of the receipt of a notice of termination. [The bill would provide an exception to this provision if there is a fair-share or maintenance of membership agreement in effect (discussed below).]

Provide that it would not be an unfair labor practice for the Board of Regents to implement changes in salaries or conditions of employment for members of the faculty or academic staff at one institution, and not for other members of the faculty or academic staff at another institution. However, this would be permitted only if the differential treatment is based on comparisons with the compensation and working conditions of employees performing similar services for comparable higher education institutions or based upon other competitive factors.

Provide that it is an unfair practice for an employee individually or in concert with others to do any of the following:

a. To coerce or intimidate an employee in the enjoyment of the employee's legal rights, including those guaranteed under these provisions.

b. To coerce, intimidate, or induce any officer or agent of the employer to interfere with any of the employer's employees in the enjoyment of their legal rights including those guaranteed under these provisions, or to engage in any practice with regard to its employees which would constitute an unfair labor practice if undertaken by the officer or agent on the officer's or agent's own initiative.

c. To refuse to bargain collectively on authorized matters with the authorized officer or agent of the employer, provided it is the recognized or certified exclusive collective bargaining representative of employees in an appropriate collective bargaining unit. Provide that a refusal to bargain would include a refusal to execute a collective bargaining agreement previously orally agreed upon.

d. To violate the provisions of any written agreement with respect to terms and conditions of employment affecting employees, including an agreement to arbitrate or to accept the terms of an arbitration award, when previously the parties have agreed to accept such awards as final and binding upon them.

e. To engage in, induce, or encourage any employees to engage in a strike or a concerted refusal to work or perform their usual duties as employees.

f. To coerce or intimidate a supervisory employee, officer, or agent of the employer, working at the same trade or profession as the employer's employees, to induce the person to become a member of, or act in concert with, the labor organization of which the employee is a member

Provide that it is an unfair labor practice for any person to do or cause to be done on behalf of, or in the interest of, employers or employees, or in connection with, or to influence the outcome of, any controversy as to employment relations, any act prohibited by the unfair labor practices enumerated above.

Provide that any controversy concerning unfair labor practices may be submitted to WERC, which would be required to schedule a hearing on complaints involving alleged violations within three days after a complaint is filed. Notice would be given to each party interested by service on the party personally, or by telegram, advising the party of the nature of the complaint and of the date, time, and place of hearing. WERC would be authorized to appoint a substitute tribunal to hear unfair labor practice charges by either appointing a three-member panel or submitting a seven-member panel to the parties and allowing each to strike two names. Provide that any such panel would be required to report its finding to WERC for appropriate action.

Fair-Share and Maintenance of Membership Agreements

Authorize fair-share and maintenance of membership agreements under UW faculty and academic staff collective bargaining. A fair-share agreement is defined under the bill as an agreement between the employer and a labor organization representing employees under which all of the employees in a collective bargaining unit would be required to pay their proportionate share of the cost of the collective bargaining process and contract administration measured by the amount of dues uniformly required of all members. A maintenance of membership agreement is defined under the bill as an agreement between the employer and a labor organization representing employees that requires that all of the employees whose dues are being deducted from earnings at or after the time the agreement takes effect must continue to have dues deducted for the duration of the agreement and that dues must be deducted from

the earnings of all employees who are hired on or after the effective date of the agreement.

Provide that no fair-share or maintenance of membership agreement may become effective unless authorized by a referendum. WERC would be required to order a referendum whenever it receives a petition supported by proof that at least 30 percent of the employees or supervisors in a collective bargaining unit desire that a fair-share or maintenance of membership agreement be entered into between the employer and a labor organization. Provide that a petition may specify that a referendum is requested on a maintenance of membership agreement only, in which case the ballot would be limited to that question.

Provide that, for a fair-share agreement to be authorized, at least two-thirds of the eligible employees or supervisors voting in a referendum would have to vote in favor of the agreement. For a maintenance of membership agreement to be authorized, at least a majority of the eligible employees or supervisors voting in a referendum would have to vote in favor of the agreement. In a referendum on a fair-share agreement, if less than two-thirds but more than one-half of the eligible employees or supervisors vote in favor of the agreement, a maintenance of membership agreement would be authorized.

Provide that, if a fair-share or maintenance of membership agreement is authorized in a referendum, the employer would be required to enter into an agreement with the labor organization named on the ballot in the referendum. Under the bill, each fair-share or maintenance of membership agreement would be required to contain a provision requiring the employer to deduct the amount of dues as certified by the labor organization from the earnings of the employees or supervisors affected by the agreement and to pay the amount so deducted to the labor organization. Unless the parties agree to an earlier date, the agreement would take effect 60 days after certification by WERC that the referendum vote authorized the agreement. Provide that the employer would be held harmless against any claims, demands, suits and other forms of liability made by employees or supervisors or local labor organizations which may arise for actions taken by the employer in compliance with these provisions. Provide that all lawful claims, demands, suits and other forms of liability are the responsibility of the labor organization entering into the agreement.

Provide that under each fair-share or maintenance of membership agreement, an employee or supervisor who has religious convictions against dues payments to a labor organization based on teachings or tenets of a church or religious body of which he or she is a member would be allowed, on request to the labor organization, to have his or her dues paid to a charity mutually agreed upon by the employee or supervisor and the labor organization. Provide that any dispute concerning this provision may be submitted to WERC for adjudication.

Provide that a fair-share or maintenance of membership agreement, once authorized, would continue in effect, subject to the right of the employer or labor organization concerned to petition WERC to conduct a new referendum. Such a petition would need to be supported by proof that at least 30 percent of the employees or supervisors in the collective bargaining unit desire that the fair-share or maintenance of membership agreement be discontinued. Upon so

finding, WERC would be required to conduct a new referendum. If the continuance of the fair-share or maintenance of membership agreement is approved in the referendum by at least the percentage of eligible voting employees or supervisors required for its initial authorization, it would be continued in effect, subject to the right of the employer or labor organization to later initiate a further vote following the procedure described above. If the continuation of the agreement is not supported in any referendum, it would be considered terminated at the termination of the collective bargaining agreement, or one year from the date of the certification of the result of the referendum, whichever is earlier.

Provide that WERC must declare any fair-share or maintenance of membership agreement suspended, upon such conditions and for such time as WERC decides, whenever it finds that the labor organization involved has refused on the basis of race, color, sexual orientation, or creed to receive as a member any employee or supervisor in the collective bargaining unit involved, and the agreement would be made subject to the findings and orders of WERC. Provide that any of the parties to the agreement, or any employee or supervisor covered under the agreement, may come before WERC, and petition WERC to make such a finding.

Provide that a stipulation for a referendum executed by an employer and a labor organization may not be filed until after the representation election has been held and the results certified. Provide that WERC may, under rules adopted for that purpose, appoint as its agent an official of a state agency whose employees are entitled to vote in a referendum to conduct a referendum.

Grievance Arbitration

Provide that parties to the dispute pertaining to the interpretation of a collective bargaining agreement may agree in writing to have WERC or any other appointing state agency serve as arbitrator or may designate any other competent, impartial, and disinterested persons to serve. Such arbitration proceedings would be governed by state arbitration law. Provide that the Board of Regents must charge an institution for the employer's share of the cost related to grievance arbitration for any arbitration that involves one or more employees of the institution. Each institution so charged would be required to pay the amount that the Board of Regents charges from the appropriation account or accounts used to pay the salary of the grievant. Funds received would be credited to an OSER appropriation account for collective bargaining grievance arbitrations.

Mediation

Provide that WERC may appoint any competent, impartial, disinterested person to act as mediator in any labor dispute either upon its own initiative or upon the request of one of the parties to the dispute. It would be the function of a mediator to bring the parties together voluntarily under such favorable auspices as will tend to effectuate settlement of the dispute, but neither the mediator nor WERC would have any power of compulsion in mediation proceedings.

Fact-Finding

Provide that, if a dispute has not been settled after a reasonable period of negotiation and after the settlement procedures, if any, established by the parties have been exhausted, the employee representative and the employer (or its officers, and agents), after a reasonable period of negotiation, are deadlocked with respect to any dispute between them arising in the collective bargaining process, the parties jointly may petition WERC, in writing, to initiate fact-finding procedures and to make recommendations to resolve the deadlock.

Authorize WERC, upon receipt of a petition to initiate fact-finding, to make an investigation with or without a formal hearing, to determine whether a deadlock in fact exists. WERC would be required to certify the results of the investigation. If WERC decides that fact-finding should be initiated, it must appoint a qualified, disinterested person or, when jointly requested by the parties, a three-member panel to function as a fact finder. The fact finder would be authorized to establish dates and place of hearings and must conduct the hearings under rules established by WERC. Upon request, WERC would be required to issue subpoenas for hearings conducted by the fact finder. The bill would authorize the fact finder to administer oaths.

Upon completion of the hearing, the fact finder would be required to make written findings of fact and recommendations for solution of the dispute and must cause the written findings to be served on the parties and WERC. In making findings and recommendations, the fact finder would be required to take into consideration, among other pertinent factors, the principles vital to the public interest in efficient and economical governmental administration. Upon the request of either party, the fact finder is authorized to orally present the recommendations in advance of service of the written findings and recommendations.

Provide that the cost of fact-finding proceedings would be divided equally between the parties. At the time the fact finder submits a statement of his or her costs to the parties, the fact finder would be required to submit a copy WERC at its Madison office. A fact finder would be authorized to mediate a dispute at any time prior to the issuance of the fact finder's recommendations. Provide that within 30 days of the receipt of the fact finder's recommendations, or within a time period mutually agreed upon by the parties, each party must advise the other, in writing, as to the party's acceptance or rejection, in whole or in part, of the fact finder's recommendations and, at the same time, send a copy of the notification to WERC at its Madison office. Provide that failure to comply with this provision, by the employer or employee representative, would be a violation of the legal requirement to bargain collectively in good faith.

Strikes Prohibited

Require the employer, upon establishing that a strike is in progress, to either seek an injunction or file an unfair labor practice charge with WERC, or both. Provide that, it would be the responsibility of the Board of Regents to decide whether to seek an injunction or file an unfair labor practice charge. Provide that the existence of an administrative remedy does not

constitute grounds for denial of injunctive relief.

Provide that the occurrence of a strike and the participation in the strike by an employee do not affect the rights of the employer, in law or in equity, to deal with the strike, including all of the following: (a) the right to impose discipline, including discharge, or suspension without pay, of any employee participating in the strike; (b) the right to cancel the reinstatement eligibility of any employee engaging in the strike; and (c) the right of the employer to request the imposition of fines, either against the labor organization or the employee engaging in the strike, or to sue for damages because of such strike activity.

Management Rights

Provide that nothing in these employment relations provisions would interfere with the right of the Board of Regents, in accordance employment relations law, to do any of the following: (a) carry out the statutory mandate and goals assigned to the Board of Regents by the most appropriate and efficient methods and means and utilize personnel in the most appropriate and efficient manner possible; or (b) suspend, demote, discharge, or take other appropriate disciplinary action against the employee, or to lay off employees in the event of lack of work or funds or under conditions where continuation of such work would be inefficient and nonproductive.

Subjects and Prohibited Subjects of Bargaining

The bill would provide that matters subject to collective bargaining to the point of impasse are salaries, fringe benefits consistent with certain limitations described below, and hours and conditions of employment, except that:

a. The Board of Regents would not be required to bargain on management rights described above, except that procedures for the adjustment or settlement of grievances or disputes arising out of any type of disciplinary action would be a subject of bargaining.

b. With certain exceptions, all laws governing the WRS and all actions of the Board of Regents that are authorized under any such law which apply to nonrepresented individuals employed by the state would apply to similarly situated employees, unless otherwise specifically provided in a collective bargaining agreement that applies to those employees. The exceptions would include certain requirements of the WRS concerning earnings relating to military service, collectively bargained limitations on an employer's right to require retirement of an employee after the employee's has attained his or her normal retirement date, benefit adjustment contributions, and employee rights under intrastate retirement reciprocity law.

c. Demands relating to retirement and group insurance must be submitted to the Board of Regents at least one year prior to commencement of negotiations.

d. The Board of Regents would not be required to bargain on matters related to employee occupancy of houses or other lodging provided by the state.

The bill would prohibit the Board of Regents from bargaining on the following:

- a. The mission and goals of the Board of Regents as set forth in state statutes, the diminution of the right of tenure provided the faculty, certain rights granted faculty and academic staff under state law, the rights of appointment provided academic staff under state law; or academic freedom.
- b. Amendments to state employment relations law.
- c. Family leave and medical leave rights below the minimum afforded under state law. (However, the Board of Regents would not be prohibited from bargaining on rights to family leave or medical leave which are more generous to the employee than the rights provided under state law.)
- d. An increase in benefit adjustment contribution rates under the WRS.
- e. The rights of employees to have retirement benefits computed under intrastate retirement reciprocity law.
- f. Honesty testing requirements that provide fewer rights and remedies to employees than are provided under state law.
- g. WRS purchase of creditable service limitations relating to creditable service used to establish certain benefits with other federal, state, or local government entities;
- h. Compliance with the health benefit plan requirements under state law.
- i. Compliance with insurance practice requirements relating to domestic abuse.
- j. The definition of earnings for WRS purposes.
- k. The maximum WRS benefit limitations under state law and the Internal Revenue Code.
- l. The limitations on WRS contributions under state law and the Internal Revenue Code.
- m. The provision to employees of mandatory health insurance coverage required under state law.
- n. The requirements related to coverage of and prior authorization for treatment of an emergency medical condition under state law.
- o. Certain requirements related to coverage of prescription drugs and devices under state law.
- p. The requirements related to experimental treatment under state law.

q. The requirements related to offering a point-of-service option health insurance coverage plan.

r. The requirements related to internal grievance procedures and independent review of certain health benefit plan determinations under disability insurance law.

Provide that, upon request, the Chancellor at each institution, or his or her designee, would be required to meet and confer with the collective bargaining representative, if any, with regard to any issue that is a permissive subject of bargaining, except when the issue is under active consideration by a faculty or academic staff governance organization.

Unless considered a prohibited subject of bargaining and except as provided in specific current law provisions that assure certain benefits or benefit procedures, all statutes and rules governing the salaries, fringe benefits, hours, and conditions of employment apply to each employee, unless otherwise provided in a collective bargaining agreement.

Agreements and Approval

Require that any tentative agreement reached between the Board of Regents, acting for the state, and any labor organization representing a collective bargaining unit, after official ratification by the labor organization, be submitted by the Board of Regents to JCOER. Require JCOER to hold a public hearing before determining its approval or disapproval of the tentative agreement. If JCOER approves the tentative agreement, it must introduce in a bill or companion bills, to be put on the calendar or referred to the appropriate scheduling committee of each house, that portion of the tentative agreement which requires legislative action for implementation, including salary and wage adjustments, changes in fringe benefits, and any proposed amendments, deletions, or additions to existing law.

The bill or companion bills would not be subject to certain current law requirements for referral of bills to the Joint Committee on Finance or the Joint Survey Committee on Retirement Systems, or requirements pertaining to bills with fiscal effects passing prior to passage of each biennial budget bill. JCOER would be authorized to submit suitable portions of the tentative agreement to appropriate legislative committees for advisory recommendations on the proposed terms. Require JCOER to accompany the introduction of the proposed legislation with a message that informs the Legislature of the Committee's concurrence with the matters under consideration and that recommends the passage of such legislation without change.

Provide that, if JCOER does not approve the tentative agreement, it must be returned to the parties for renegotiation. If the Legislature does not adopt without change that portion of the tentative agreement introduced by JCOER, the tentative agreement must be returned to the parties for renegotiation.

Provide that no portion of any tentative agreement may become effective separately. UW faculty and academic staff agreements would be required to coincide with the state fiscal year or biennium. Provide that the negotiation of collective bargaining agreements and their approval by the parties should coincide with the overall fiscal planning and processes of the

state. Provide that all compensation adjustments for employees would be effective on the beginning date of the pay period nearest the statutory or administrative date.

WERC Rules, Transcripts, and Fees

Provide that WERC may adopt reasonable and proper rules relative to the exercise of its powers and authority and proper rules to govern its proceedings and to regulate the conduct of all elections and hearings under these provisions. WERC would be required, upon request, to provide a transcript of a proceeding to any party to the proceeding for a fee, established by rule, at a uniform rate per page. All transcript fees would be credited to a WERC appropriation account for fees, collective bargaining training, publications, and appeals.

WERC would be required to assess and collect a filing fee for: (a) filing a complaint alleging that an unfair labor practice has been committed under these provisions; (b) filing a request that WERC act as an arbitrator to resolve a dispute involving the interpretation or application of a collective bargaining agreement under these provisions; (c) filing a request that WERC initiate fact-finding under these provisions; and (d) filing a request that WERC act as a mediator under these provisions.

Provide that, for the performance of actions relating to grievance arbitration, mediation, or fact-finding, WERC must require that the parties to the dispute equally share in the payment of the fee. For the performance of actions involving a complaint alleging that an unfair labor practice has been committed, WERC must require that the party filing the complaint pay the entire fee. Provide that, if any party has paid a filing fee requesting WERC to act as a mediator for a labor dispute and the parties do not enter into a voluntary settlement of the labor dispute, WERC would not be allowed to subsequently assess or collect a filing fee to initiate fact-finding to resolve the same labor dispute. If any request concerns issues arising as a result of more than one unrelated event or occurrence, each such separate event or occurrence would be treated as a separate request.

Require WERC to promulgate rules establishing a schedule of filing fees to be paid. Provide that required fees must be paid at the time of filing the complaint or the request for fact-finding, mediation, or arbitration and that a complaint or request for fact-finding, mediation, or arbitration is not filed until the date such fee or fees are paid. Require that fees collected be credited to a WERC appropriation account for fees, collective bargaining training, publications, and appeals.

Appropriation Changes

Create a GPR sum sufficient program supplements appropriation to supplement, under the current law supplementation procedure for compensation and fringe benefits, the appropriations to the Board of Regents for the cost of compensation and related adjustments approved by the Legislature for UW System unclassified faculty and academic staff who are included within a collective bargaining unit.

Create a PR sum sufficient program supplements appropriation to supplement, under the

current law supplementation procedure for compensation and fringe benefits, the appropriations to the Board of Regents for the cost of compensation and related adjustments approved by JCOER under the compensation plan for nonrepresented UW System unclassified faculty and academic staff who are included within a collective bargaining unit. [This provision requires a technical adjustment in order to effectuate the intent of the bill.]

Create a SEG sum sufficient program supplements appropriation to supplement, under the current law supplementation procedure for compensation and fringe benefits, the appropriations to the Board of Regents for the cost of compensation and related adjustments approved by JCOER under the compensation plan for nonrepresented UW System unclassified faculty and academic staff who are included within a collective bargaining unit. [This provision requires a technical adjustment in order to effectuate the intent of the bill.]

Amend WERC and OSER general program operations appropriation accounts to authorize work relating to UW System faculty and academic staff labor relations. Amend the WERC appropriation account for fees, collective bargaining training, publications and appeals to authorize the receipt of transcript, filing, and other required fees relating to UW System faculty and academic staff collective bargaining. Amend the OSER appropriation account for collective bargaining grievance arbitrations to authorize the receipt of moneys received from UW System institutions for the reimbursement of state costs related to grievance arbitrations and for training related to grievance arbitrations.

In summary, the provisions to provide faculty and academic staff of the UW System with the right to collectively bargain closely parallels current law provisions under SELRA. The major differences between these provisions and SELRA include the following:

a. Under the bill, the UW Board of Regents would negotiate and administer collective bargaining agreements for UW faculty and academic staff. Under current law, OSER negotiates and administers collective bargaining agreements pertaining to represented state employees under SELRA.

b. The bill provides an exception with regard to unfair labor practices by an employer in that it would not be an unfair labor practice for the Board of Regents to implement changes in salaries or conditions of employment for members of the faculty or academic staff at one institution, and not for other members of the faculty or academic staff at another institution, if certain conditions (described above) are met. SELRA does not provide such an exception.

c. Under the bill, the Board of Regents would be prohibited from bargaining on the mission and goals of the Board of Regents as set forth in state statutes, the diminution of the right of tenure provided the faculty, certain rights granted faculty and academic staff under state law, the rights of appointment provided academic staff under state law; or academic freedom. Under SELRA, the comparable provision prohibits the employer from bargaining on the mission and goals of state agencies as set forth in the statutes. Further, SELRA provisions relating to prohibited subjects of bargaining include certain items that pertain to the classified civil service. The provisions under the bill, that would apply to unclassified civil service UW

faculty and academic staff employees, do not include these SELRA provisions.

d. Under the bill, two management rights are specified. The bill would provide that nothing in these employment relations provisions would interfere with the right of the Board of Regents, in accordance employment relations law, to do any of the following: (a) carry out the statutory mandate and goals assigned to the Board of Regents by the most appropriate and efficient methods and means and utilize personnel in the most appropriate and efficient manner possible; or (b) suspend, demote, discharge, or take other appropriate disciplinary action against the employee, or to lay off employees in the event of lack of work or funds or under conditions where continuation of such work would be inefficient and nonproductive. Under SELRA, a third management right is provided, as follows: with one limited exception pertaining to employee transfers at the UW Hospitals and Clinics Board, the state has the right to manage the employees of a state agency; hire, promote, transfer, assign or retain employees in positions within the agency; and in that regard establish reasonable work rules.

Joint Finance/Legislature: Approve the Governor's recommendation to create Subchapter VI of Chapter 111, and associated provisions, and provide faculty and academic staff of the UW System with the right to collectively bargain over wages, hours, and conditions of employment. Clarify that 30 collective bargaining units would be authorized, as shown below.

- For faculty in the unclassified service, the following 15 separate collective bargaining units: (a) 13 collective bargaining units for faculty at each UW System campus (Madison, Milwaukee, Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior, and Whitewater); (b) one collective bargaining unit for faculty of UW Extension; and (c) one collective bargaining unit for faculty of UW Colleges.

- For academic staff in the unclassified service, the following 15 separate collective bargaining units: (a) 13 collective bargaining units for academic staff at each UW System campus (Madison, Milwaukee, Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior, and Whitewater); (b) one collective bargaining unit for academic staff of UW Extension; and (c) one collective bargaining unit for academic staff of UW Colleges.

Provide that academic staff employed with UW System administration would be included in the collective bargaining unit designated for academic staff of the UW-Madison campus.

Provide that any two or more collective bargaining units may combine into a single unit. Provide that a vote to combine two or more collective bargaining units may be held in conjunction with the vote of employees of the collective bargaining unit to participate in collective bargaining and to elect which labor organization is to act as the representative of the employees.

Provide that, if a dispute has not been settled after a reasonable period of negotiation and after the settlement procedures, if any, established by the parties have been exhausted, the

employee representative and the employer (or its officers, and agents), after a reasonable period of negotiation, are deadlocked with respect to any dispute between them arising in the collective bargaining process, either party, or the parties jointly, may petition the Wisconsin Employment Relations Commission, in writing, to initiate fact-finding procedures and to make recommendations to resolve the deadlock.

Provide that, for a fair-share agreement to be authorized, a majority of the eligible employees or supervisors voting in a referendum would have to vote in favor of the agreement. Delete the provisions in the bill relating to establishing a maintenance of membership agreement. Instead, provide that a maintenance or membership agreement may be established by the voluntary agreement of the parties.

Provide the Wisconsin Employment Relations Commission with the authority to assign UW academic staff employees to the appropriate collective bargaining unit established under either Subchapter V or Subchapter VI of Chapter 111.

Veto by Governor [E-2]: Delete the provision to authorize WERC to assign faculty and academic staff to the appropriate collective bargaining units established under either Subchapter V or Subchapter VI of Chapter 111. Under current law, WERC has the authority to assign employees to the appropriate collective bargaining unit under Subchapter V. Under the veto, WERC would not have this explicit authority under Subchapter VI.

[Act 28 Sections: 4, 9, 84, 102, 165 thru 167, 320, 321, 598, 633 thru 638, 660, 662, 663, 738, 777, 784 thru 792, 805, 813 thru 815, 2255, 2481, 2484, 2488 thru 2490, and 2493]

[Act 28 Vetoed Section: 2255]

11. COLLECTIVE BARGAINING RIGHTS FOR UW-SYSTEM RESEARCH ASSISTANTS

Joint Finance: Effective July 1, 2010, include UW-System research assistants in three collective bargaining units currently authorized for the program, project, and teaching assistants of: (a) the University of Wisconsin-Madison and the University of Wisconsin-Extension; (b) the University of Wisconsin-Milwaukee; and (c) the Universities of Wisconsin-Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior and Whitewater. For the purpose of collective bargaining under the State Employment Relations Act (SELRA), include research assistants in the definition of employee. Define a research assistant as a graduate student enrolled in the University of Wisconsin System who is assigned to conduct research, under the supervision of the faculty or academic staff, as defined in law, including graduate students required to perform such responsibilities in order to attain their graduate degree. Under SELRA, include in the definition of teaching assistant, graduate students who are required to perform teaching and related responsibilities in order to attain their graduate degree. Delete a current law provision that specifies that the definition of a project assistant or a program assistant does not include a graduate student who does work which is primarily for the benefit of the student's own learning and research and which is independent or self-directed.

Senate: Provide University of Wisconsin System (UW System) research assistants with the right to collectively bargain over wages, hours, and conditions of employment, if the research assistants affirmatively vote to be represented. Provide that collective bargaining units for research assistants would be structured with three separate collective bargaining units: (a) research assistants of the University of Wisconsin-Madison and the University of Wisconsin-Extension; (b) research assistants of the University of Wisconsin-Milwaukee; and (c) research assistants of the Universities of Wisconsin-Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior and Whitewater.

Provide that these bargaining units may be combined with each other but not with faculty or academic staff bargaining units.

Define a research assistant as a graduate student enrolled in the University of Wisconsin System who is receiving a stipend to conduct research that is primarily for the benefit of the student's own learning and research and which is independent or self-directed, mentored by a faculty or academic staff member. A research assistant would not include students provided fellowships, scholarships, or traineeships which are distributed through other titles such as Advanced Opportunity Fellow, Fellow, and Trainee. Provide that research assistants may not be assigned by the Wisconsin Employment Relations Commission (WERC) to bargaining units under SELRA other than the units specified above. Provide that it is not an unfair labor practice for the Board of Regents to make changes in compensation or conditions of employment at one institution and not for those at other institutions, provided it is based on comparisons of compensation and working conditions or other competitive factors.

Conference Committee/Legislature: Effective January 1, 2010, provide University of Wisconsin System (UW System) research assistants with the right to collectively bargain over wages, hours, and conditions of employment. Include UW System research assistants collective bargaining provisions under the State Employment Relations Act (SELRA, Subchapter V of Chapter 111 of the statutes). Provide that collective bargaining units for research assistants would be structured with three separate collective bargaining units: (a) research assistants of the University of Wisconsin-Madison and the University of Wisconsin-Extension; (b) research assistants of the University of Wisconsin-Milwaukee; and (c) research assistants of the comprehensive campuses (Universities of Wisconsin-Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior and Whitewater).

Provide that bargaining units would be formed if and when a majority of research assistants at each campus affirm the decision to participate in collective bargaining by signing an authorization card stating this intent. Require the Wisconsin Employment Relations Commission (WERC) to establish a procedure whereby research assistants may determine whether to form themselves into collective bargaining units by authorization cards in lieu of secret ballot. Provide that the initial representative of the employees in the collective bargaining unit for research assistants at UW-Madison and the UW-Extension would be the current representative of program, project, and teaching assistants at the UW-Madison and UW-Extension (Teaching Assistants Association [TAA]). Provide that the initial representative of the employees in the collective bargaining unit for research assistants at the University of Wisconsin-Milwaukee would be the representative of the employees in the collective bargaining

unit of program, project, and teaching assistants at UW-Milwaukee (Milwaukee Graduate Assistants Association [MGAA]). Provide that the initial representative of the employees in the collective bargaining unit at a comprehensive campus would be either the TAA or MGAA and require WERC to establish a procedure for selecting this representative by authorization cards in lieu of secret ballot.

Define a research assistant as a graduate student enrolled in the University of Wisconsin System who is receiving a stipend to conduct research that is primarily for the benefit of the student's own learning and research and which is independent or self-directed, with the following exceptions: (a) students on an F-1 visa [student], or a J-1 visa [exchange visitor in student category] issued by the federal Department of State; and (b) students provided fellowships, scholarships, or traineeships which are distributed through other titles such as advanced opportunity fellow, fellow, scholar, or trainee. [Because the research assistants' collective bargaining units would be organized under SELRA, the fair-share and maintenance of membership provisions of SELRA would apply to these units. In addition, these units would not be permitted to be combined with UW faculty or academic staff bargaining units.]

Veto by Governor [E-2]: Delete the specification of any initial representative of research assistants in the UW System. Under the veto, any collective bargaining representative could be selected by research assistants at each campus choosing to establish a collective bargaining unit.

[Act 28 Sections: 2242s, 2243d thru 2243t, 2254L, and 9416(1g)]

[Act 28 Vetoed Section: 2254L]

PROGRAM SUPPLEMENTS

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$35,142,800	\$13,925,400	\$29,639,000	\$29,639,000	\$29,639,000	-\$5,503,800	- 15.7%
FED	0	650,000,000	0	0	0	0	N.A.
PR	4,705,600	0	0	0	0	- 4,705,600	- 100.0
SEG	<u>49,126,400</u>	<u>0</u>	<u>6,470,900</u>	<u>6,470,900</u>	<u>6,470,900</u>	<u>- 42,655,500</u>	<u>- 86.8</u>
TOTAL	\$88,974,800	\$663,925,400	\$36,109,900	\$36,109,900	\$36,109,900	-\$52,864,900	- 59.4%

FTE Position Summary
There are no authorized positions for Program Supplements.

Budget Change Items

1. DOA AUTHORITY TO ALLOCATE FEDERAL STIMULUS MONEYS TO AGENCIES
[LFB Paper 610]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$650,000,000	-\$650,000,000	\$0

Governor: Provide \$650 million FED in 2009-10 in a new federal appropriation under program supplements, although the appropriation would allow the expenditure of all moneys received. Authorize the Secretary of Administration to supplement any program revenue service appropriation that is used for state agency programs and operations from federal economic stimulus funds credited to this new appropriation, which would receive all federal moneys that are designated by the Governor as federal economic stimulus funds and that are not otherwise appropriated, to be used for the purpose of supplementing agency appropriations. Define federal economic stimulus funds as federal moneys received by Wisconsin under federal legislation enacted during the 111th Congress for the purpose of reviving the economy of the United States. Create separate program revenue service

appropriations under the agencies shown in the following table that specifically reference the new federal appropriation under program supplements. These appropriations would allow the expenditure of all moneys received from the new federal appropriation under program supplements for the purposes for which received.

<u>Agency</u>	<u>Agency</u>
Administration	Judicial Commission
Agriculture, Trade and Consumer Protection	Judicial Council
Arts Board	Justice
Board for People with Developmental Disabilities	Legislature
Board of Commissioners of Public Lands	Medical College of Wisconsin
Board on Aging and Long-Term Care	Military Affairs
Children and Families	Natural Resources
Child Abuse and Neglect Prevention Board	Office of the Governor
Circuit Courts	Office of the Lt. Governor
Commerce	Public Defender
Corrections	Public Instruction
Court of Appeals	Revenue
District Attorneys	Shared Revenue and Tax Relief
Educational Communications Board	Supreme Court
Employment Relations Commission	Tourism
Government Accountability Board	UW System
Health Services	Veterans Affairs
Higher Educational Aids Board	Wisconsin Technical College System
Historical Society	Workforce Development

Joint Finance/Legislature: Delete provision and, instead, allocate \$426,734,300 to the state agencies in the following table, using existing appropriations. The fiscal effects of these increases are shown under the applicable agencies. Modify the oversight provision established in 2009 Act 2 relating to federal stimulus moneys so that it would apply unless the expenditure is contained in the budget act or in Act 2.

<u>Agency</u>	<u>Funding Allocation</u>
Administration	\$197,002,200
Children and Families	12,167,000
Commerce	17,101,900
Environmental Improvement Fund	145,635,000
Health Services	5,954,400
Public Instruction	9,170,000
Workforce Development	<u>39,703,800</u>
Total	\$426,734,300

[Act 28 Sections: 3416bg and 3416br]

2. JOINT COMMITTEE ON FINANCE APPROPRIATION FOR AGENCY SUPPLEMENTS [LFB Papers 320, 772, and 822]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$20,856,600	\$16,620,500	- \$4,236,100
PR	- 4,705,600	0	- 4,705,600
SEG	<u>- 49,126,400</u>	<u>6,470,900</u>	<u>- 42,655,500</u>
Total	- \$74,688,600	\$23,091,400	- \$51,597,200

Governor: Delete \$10,428,300 GPR, \$2,352,800 PR, and \$24,563,200 SEG annually to eliminate reserved funding that was authorized in the 2007-09 budget for potential use in the 2007-09 biennium. Unreserved funding in the Joint Committee on Finance's supplemental appropriation in 2008-09 is \$150,000. Under the bill, this amount is reduced by \$9,000 annually (-6%) to \$141,000 in each year of the biennium.

Joint Finance/Legislature: Include the Governor's recommendation related to reserved funding and add the following amounts to the reserved portions of the Committee's appropriations.

<u>Agency</u>	<u>Purpose</u>	<u>2009-10</u>	<u>2010-11</u>	<u>Fund</u>
Children and Families	Child Care SwipeCard System	\$500,000	\$500,000	GPR
Corrections	Federal Adam Walsh Implementation	247,200	296,500	GPR
Corrections	Becky Young Community Corrections Appropriation Funding	10,000,000	0	GPR
Employee Trust Funds	Customer Service Functions	798,600	1,493,800	SEG
Health Services	Wisconsin Quality Home Care Authority	225,000	225,000	GPR
Public Instruction	Pupil Assessment	2,313,400	2,313,400	GPR
Transportation	Milwaukee to Chicago Passenger Rail	1,789,200	2,239,300	SEG
Veterans Affairs	Veterans Trust Fund Foundation Study	<u>0</u>	<u>150,000</u>	SEG
	Total	\$15,873,400	\$7,218,000	
		13,285,600	3,334,900	GPR
		2,587,800	3,883,100	SEG

3. STATE-OWNED OFFICE RENT SUPPLEMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$898,300	- \$898,300	\$0

Governor: Provide \$435,000 in 2009-10 and \$463,300 in 2010-11 in the program supplements appropriation for state-owned facility rental increases. The appropriation is utilized to supplement state agencies' GPR appropriations for the increased costs of space occupied in state-owned office buildings. Currently, no funding is provided under this appropriation.

Joint Finance/Legislature: Delete provision.

4. FUNDING FOR RENT INCREASES IN PRIVATELY-OWNED STATE OFFICE SPACE GPR - \$407,500

Governor/Legislature: Reduce funding by \$446,200 in 2009-10 and increase funding by \$38,700 in 2010-11 in the program supplements appropriation for private facility rental increases. The appropriation is utilized to supplement state agencies' GPR appropriations for the increase costs of any privately-leased office space that they occupy. Annual base level funding is \$1,374,100.

5. ACROSS-THE-BOARD 1% REDUCTIONS GPR - \$142,000

Governor/Legislature: Delete \$71,000 annually as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Physically handicapped supplements	\$6,800	-\$100
GPR	Private facility rent increases	1,374,100	-13,700
GPR	Maintenance of capitol and executive residence	5,337,400	-53,400
GPR	Executive residence furnishings replacement	12,000	-100
GPR	Groundwater survey and analysis	216,100	-2,200
GPR	JFC program supplementation	150,000	-1,500

6. ADDITIONAL 5% REDUCTIONS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$709,600	\$709,600	\$0

Governor: Delete \$354,800 annually as part of an across-the-board 5% reduction in certain GPR appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Physically handicapped supplements	\$6,800	-\$300
GPR	Private facility rent increases	1,374,100	-68,700
GPR	Maintenance of capitol and executive residence	5,337,400	-266,900
GPR	Executive residence furnishings replacement	12,000	-600
GPR	Groundwater survey and analysis	216,100	-10,800
GPR	JFC program supplementation	150,000	-7,500

Joint Finance/Legislature: Delete provision.

7. AGENCY 5.135% BUDGET REDUCTIONS

GPR	- \$718,200
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Joint Finance/Legislature: Delete \$359,100 annually relating to increased agency across-the-board reductions. The reductions are equivalent to 5.135% of base level funding. Annual reduction amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Judgments, legal expenses and worker's compensation benefits	\$46,700	-\$2,400
GPR	Physically handicapped supplements	6,800	-300
GPR	Private facility rental increases	1,374,100	-70,600
GPR	Maintenance of capitol and executive residence	5,337,400	-274,100
GPR	Executive residence furnishings replacement	12,000	-600
GPR	Groundwater survey and analysis	216,100	-11,100

PUBLIC DEFENDER

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$160,106,400	\$158,109,700	\$153,988,500	\$153,988,500	\$153,988,500	-\$6,117,900	-3.8%
PR	<u>2,838,400</u>	<u>2,870,600</u>	<u>2,845,000</u>	<u>2,845,000</u>	<u>2,845,000</u>	<u>6,600</u>	0.2
TOTAL	\$162,944,800	\$160,980,300	\$156,833,500	\$156,833,500	\$156,833,500	-\$6,111,300	-3.8%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	530.45	530.45	579.75	579.75	530.45	0.00
PR	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>
TOTAL	535.45	535.45	584.75	584.75	535.45	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments totaling \$1,328,000 GPR and \$36,400 PR annually. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$934,600 GPR and \$22,400 PR annually); (b) reclassifications (\$3,000 GPR and \$12,200 PR annually); (c) overtime (\$217,300 GPR and \$2,900 PR annually); (d) full funding of lease costs and directed moves (\$173,100 GPR and -\$1,100 PR annually); and (e) minor transfers within the same appropriation. The minor transfer reallocates \$85,600 GPR annually from the trial representation salary line to the supplies and services line to provide supplies and services funding for 12 additional positions created under 2007 Act 20 to address caseload.

GPR	\$2,656,000
PR	<u>72,800</u>
Total	\$2,728,800

2. ACROSS-THE-BOARD 1% REDUCTIONS [LFB Paper 615]

Governor/Legislature: Delete \$800,600 GPR and \$14,100 PR, annually, as part of an across-the-board 1% reduction in most non-federal

GPR	-\$1,601,200
PR	<u>- 28,200</u>
Total	-\$1,629,400

appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Trial Representation	\$47,518,200	-\$475,200*
GPR	Private Bar Payments	22,777,900	-227,800
GPR	Appellate Representation	5,124,300	-51,200*
GPR	Program Administration	2,598,500	-26,000*
GPR	Transcripts, Discovery & Interpreters	1,339,100	-13,400
GPR	Private Bar Payments; Administration	695,200	-7,000*
PR	Private Bar Payments	1,024,700	-10,200
PR	Private Bar Payments; Administration	250,800	-2,500*
PR	Conferences and Training	143,700	-1,400*

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. ADDITIONAL GPR REDUCTION [LFB Paper 615]

GPR	- \$1,000,000
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Governor/Legislature: Reduce the private bar and investigator reimbursement appropriation by \$500,000 annually (a 2.2% reduction). This appropriation is used to reimburse private bar attorneys who accept assignment of criminal defense cases for indigent persons qualifying for State Public Defender (SPD) representation.

4. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

GPR	- \$1,627,200
PR	- 10,000
Total	- \$1,637,200

Joint Finance/Legislature: Delete \$818,600 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$813,600 GPR and \$5,000 PR annually.

5. STATE EMPLOYEE FURLOUGH

GPR	- \$2,494,000
PR	- 15,600
Total	- \$2,509,600

Joint Finance/Legislature: Delete \$1,254,800 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$1,247,000 GPR and \$7,800 PR annually.

6. DECRIMINALIZE CERTAIN CONVICTIONS FOR OPERATING A MOTOR VEHICLE AFTER LICENSE REVOCATION [LFB Paper 616]

GPR	- \$2,739,100
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Governor/Legislature: Provide that it would no longer be a criminal offense to be convicted of operating a motor vehicle after license revocation if the conviction occurred within five years of a prior conviction for the same offense (provided the latter conviction was not alcohol or drug related). This change would first apply to violations occurring on the effective

date of the budget act. Reduce the private bar and investigator reimbursement appropriation by \$913,000 in 2009-10, and \$1,826,100 in 2010-11, to reflect an anticipated reduction in workload associated with operating a motor vehicle after license revocation cases. This appropriation is used to reimburse private bar attorneys who accept assignment of criminal defense cases for indigent persons qualifying for SPD representation.

Under current law, operating a motor vehicle after license revocation is a civil offense subject to a forfeiture of not more than \$2,500 unless: (a) the individual had been convicted of operating after revocation within the preceding five-year period; or (b) the license revocation resulted from an offense of: (1) operating under the influence of an intoxicant or other drug; (2) causing injury or death to another person while operating under the influence of an intoxicant or other drug; (3) operating a commercial motor vehicle with an alcohol concentration between 0.04 and 0.08; (4) causing injury or death to another person while operating a commercial motor vehicle with an alcohol concentration between 0.04 and 0.08; and (5) refusing to submit to legally required chemical testing. If an individual operates a motor vehicle after revocation and was either convicted of this offense within the preceding five years or the offense was alcohol or drug related, the individual must be fined not more than \$2,500 or imprisoned for not more than one year in the county jail or both.

[Act 28 Sections: 2954 and 9350(3)]

7. FIFTH WEEK OF VACATION AS CASH [LFB Paper 615]

GPR	\$513,400
PR	3,000
Total	\$516,400

Governor/Legislature: Provide \$251,300 GPR and \$1,300 PR in 2009-10 and \$262,100 GPR and \$1,700 PR in 2010-11 to fully fund projected agency costs associated with fifth week of vacation as cash payments. Under current law, certain long-term employees may elect to receive a cash payment in lieu of a fifth week of paid vacation.

8. INFORMATION TECHNOLOGY INITIATIVE

GPR	\$174,200
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Governor/Legislature: Provide \$174,200 in 2010-11 to implement a four-year replacement cycle for the agency's computer infrastructure (personal computers, laptops, servers, printers, and software). The SPD indicates that its servers in remote SPD offices are all outside of warranty coverage. The Office further indicates that all of its workstations are out of warranty with the oldest workstation purchased in 2002 and the newest workstations purchased in the first half of 2004.

9. PENALTY SURCHARGE SHORTFALL [LFB Paper 516]

PR	- \$15,400
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Governor: Reduce expenditure authority by \$7,700 annually under the agency's conferences and training appropriation to address a deficit in penalty surcharge funding. The reduction represents a 5% reduction to the appropriation after adjusting base funding for: (a)

standard budget adjustments; and (b) fifth week of vacation as cash. Require that all unencumbered balances in the appropriation at the end of each fiscal year revert to the "criminal justice program support" appropriation under the Department of Justice. The appropriation is utilized by the SPD to sponsor training and conferences for both staff attorneys and private bar attorneys who accept assignment of SPD cases. [See "Justice."]

Joint Finance/Legislature: Delete the requirement that all unencumbered balances in the appropriation at the end of each fiscal year revert to the "criminal justice program support" appropriation under the Department of Justice.

10. DISCOVERY COSTS

Governor/Legislature: Direct the SPD to promulgate rules establishing the maximum fees that the SPD may pay for copies, in any format, of materials that are subject to discovery in indigent criminal defense cases. In promulgating these rules, the Board must consider information regarding the actual, necessary, and direct cost of producing copies of materials that are subject to discovery.

Under current law, when the SPD requests copies of discoverable items in criminal cases or in sexually violent person commitment proceedings, the SPD must pay any charged fee provided the fee does not exceed the actual, necessary, and direct cost of providing the copies. Delete the current law provision providing that the assessed fee may not exceed the actual, necessary, and direct cost of providing the copies. Under the bill, the SPD, and not copy providers, would now establish maximum copying fees, but the SPD would be required to consider the actual, necessary, and direct cost of producing copies when establishing these fees.

[Act 28 Sections: 3376, 3399, and 3401]

11. POSITION RECONCILIATION

Governor/Legislature: Correct an error in the accounting of SPD authorized positions by: (a) increasing the number of classified positions under the appellate representation appropriation by 0.6 full-time equivalent (FTE) positions; (b) decreasing the number of unclassified positions under the appellate representation appropriation by 0.25 FTE; (c) decreasing the number of classified positions under the trial representation appropriation by 0.1 FTE; and (d) decreasing the number of unclassified positions under the trial representation appropriation by 0.25 FTE.

12. STATE STANDARD FOR INDIGENT LEGAL DEFENSE COUNSEL [LFB Paper 617]

	Jt. Finance/Leg. (Chg. to Base) Positions	Veto (Chg. to Leg) Positions	Net Change Positions
GPR	49.30	- 49.30	0.00

Joint Finance/Legislature: Adopt the provisions of 2007 Assembly Bill 576/2007 Senate Bill 321 which would increase and model the SPD indigency standard after Wisconsin Works (W-2), which, when measuring gross income, is set at 115% of the federal poverty level. Create 49.3 GPR-funded positions to address 75% of the anticipated increased workload to the SPD associated with increasing the indigency standard to W-2 (32.3 attorneys, 10.8 legal secretaries, 4.6 investigators, and 1.6 client services specialists). The remaining increased workload from the indigency standard change would be assigned to private bar attorneys. Provide that these changes would take effect on June 30, 2011. With the delayed effective date, no costs would be incurred during 2009-11. The estimated cost associated with this change is \$4,398,200 GPR annually when fully implemented.

Under current law, if a person's assets less reasonable and necessary living expenses are not sufficient to cover the anticipated cost of effective representation when the length and complexity of the anticipated proceedings are taken fully into account, the individual is deemed indigent and qualifies for SPD representation.

Assets include disposable income, cash in hand, stocks and bonds, bank accounts and other property which can be converted to cash within a reasonable period of time and is not needed to hold a job, or to shelter, clothe and care for the person and the person's immediate family. Assets which cannot be converted to cash within a reasonable period of time, such as a person's home, car, household furnishings, clothing and other property which has been declared exempt from attachment or execution by law, must be calculated to be assets equivalent in dollars to the amount of the loan which could be, in fact, raised by using these assets as collateral. Assets also include any money expended by the person to post bond. In determining assets available to pay for legal counsel, the SPD must also consider the assets of the applicant's spouse unless the spouse was the victim of a crime allegedly committed by the individual. Reasonable and necessary living expenses are linked to monthly payment amounts under a 1987 Aid to Families with Dependent Children cost of living table, adjusted for other specified, emergency, or essential costs.

In lieu of the current standard, the provisions of 2007 AB 576/2007 SB 321 would: (a) consider the anticipated costs of effective representation for the type of case in which the person seeks representation; (b) consider assets as available to the person to pay the costs of legal representation to the extent that the combined equity value of the assets exceeds \$2,500 (although the SPD would be required to exclude the first \$10,000 in equity value of vehicles and the first \$30,000 in equity value of the home that serves as the person's homestead); (c) treat income as available to pay the costs of legal representation to the extent that the person's gross income exceeds 115% of the federal poverty line; and (d) treat assets or income of the person's

spouse as the person's assets or income, unless the spouse was the victim of a crime that the person allegedly committed.

Veto by Governor [A-15]: Delete provision.

[Act 28 Vetoed Sections: 598k, 2741e, 3392b, 3398r, 3398t, 3400g thru 3400n, 9338(1j), and 9438(1j)]

13. ASSISTANT STATE PUBLIC DEFENDER COMPENSATION

Joint Finance: Create a PR continuing appropriation to receive amounts transferred from the Department of Justice to increase compensation for assistant state public defenders. Beginning in 2010-11, the Attorney General would be required to allocate \$1 million annually between the district attorney (DA) function and the SPD to increase compensation for assistant district attorneys and assistant state public defenders. The provision would take effect July 1, 2010. See "Justice" for additional information.

Assembly/Legislature: Beginning in 2010-11, provide that the Attorney General may, but is not required to, transfer up to \$1 million annually to the DA function and to the SPD to increase compensation for assistant district attorneys and assistant state public defenders.

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

[Act 28 Vetoed Sections: 174 (as it relates to 20.550(1)(kb)), 598m, 3400p, and 9438(1u)]

PUBLIC INSTRUCTION

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$11,256,756,400	\$10,745,493,000	\$10,447,294,000	\$10,723,236,400	\$10,721,692,400	-\$535,064,000	- 4.8%
FED	1,297,673,400	2,300,608,600	2,307,924,800	2,046,646,800	2,046,646,800	748,973,400	57.7
PR	79,603,400	82,633,300	81,409,700	81,409,700	81,409,700	1,806,300	2.3
SEG	<u>95,410,200</u>	<u>176,275,800</u>	<u>119,255,600</u>	<u>119,428,000</u>	<u>119,428,000</u>	<u>24,017,800</u>	25.2
TOTAL	\$12,729,443,400	\$13,305,010,700	\$12,955,884,100	\$12,970,720,900	\$12,969,176,900	\$239,733,500	1.9%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
GPR	261.46	261.46	261.46	261.46	261.46	0.00
FED	290.10	288.10	288.10	288.10	288.10	- 2.00
PR	79.94	80.94	80.94	80.94	80.94	1.00
SEG	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
TOTAL	631.50	630.50	630.50	631.50	631.50	0.00

Budget Change Items

General School Aids and Revenue Limits

1. STATE SUPPORT OF K-12 EDUCATION [LFB Paper 620]

Governor: Total general and categorical school aids funding under the Governor's budget would be \$5,468,430,600 in 2009-10 and \$5,492,099,100 in 2010-11. Compared to the 2008-09 base level funding of \$5,462,405,500, school aids would increase by \$6,025,100 in 2009-10 and \$29,693,600 in 2010-11 (or \$23,668,500 in 2010-11 over the 2009-10 recommended level). These proposed funding levels would represent annual increases over the prior year of 0.1% in 2009-10 and 0.4% in 2010-11.

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 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 and including the federal funding from the American Recovery and Reinvestment Act that the Governor proposes to use for general aid, the bill would increase state support from the total base level funding amount of \$6,296,291,400 in 2008-09 to \$6,302,899,000 in 2009-10 and \$6,326,567,500 in 2010-11. These proposed funding levels would represent annual increases over the prior year of 0.1% in 2009-10 and 0.4% in 2010-11.

Using the definition of partial school revenues as it existed prior to the repeal of the two-thirds funding commitment and including the proposed federal general aid funding, it is estimated that state support of partial school revenues would decrease from 65.8% in 2008-09 to 64.2% in 2009-10 and 62.5% in 2010-11. These estimates assume the current law revenue limit per pupil adjustment, the proposed revenue limit modifications, and the state support funding in the bill, which is presented in Table 1.

Joint Finance: Total general and categorical school aids funding under the Joint Finance budget would be \$5,315,166,500 in 2009-10 and \$5,312,099,600 in 2010-11. Compared to the Governor's recommendations, school aids would be reduced by \$153,264,100 in 2009-10 and \$179,999,500 in 2010-11. Compared to the 2008-09 base year, school aids would decrease by \$147,239,000 in 2009-10 and \$150,305,900 in 2010-11 (or \$3,066,900 in 2010-11 over the 2009-10 recommended level). These proposed funding levels would represent annual decreases over the prior year of 2.7% in 2009-10 and 0.06% in 2010-11.

Under state law as it existed prior to the repeal of the two-thirds commitment, state support of K-12 education would decrease to \$6,204,332,200 in 2009-10 and \$6,201,265,300 in 2010-11. These funding levels would represent annual decreases over the prior year of 1.5% in 2009-10 and 0.05% in 2010-11. With the changes to revenue limits and state support funding adopted by Joint Finance, it is estimated that state support of partial school revenues would be 63.7% in 2009-10 and 62.6% in 2010-11.

Conference Committee/Legislature: Total general and categorical school aids funding under the Legislature's budget would be \$5,316,122,500 in 2009-10 and \$5,325,806,600 in 2010-11. Compared to the Joint Finance provisions, school aids would be increased by \$956,000 in 2009-10 and \$13,707,000 in 2010-11. Compared to the 2008-09 base year, school aids would decrease by \$146,283,000 in 2009-10 and \$136,598,900 in 2010-11 (or an increase of \$9,684,100 in 2010-11 over the 2009-10 level). These funding levels represent annual changes to the prior year of -2.7% in 2009-10 and 0.2% in 2010-11.

State support of K-12 education would decrease to \$6,220,288,200 in 2009-10 and \$6,234,972,300 in 2010-11. These funding levels represent annual changes to the prior year of -1.2% in 2009-10 and 0.2% in 2010-11. It is estimated that state support of partial school revenues would be 63.8% in 2009-10 and 62.7% in 2010-11.

Veto by Governor [B-12]: By vetoing the appropriation for open enrollment hold harmless payments, the Governor's veto reduces the amount of funding for school aids and state support by \$772,000 annually. State support under Act 28 would remain at 63.8% in 2009-10 and 62.7% in 2010-11.

A summary of the funding amounts for state support under the recommendations of the Governor, Joint Finance and under Act 28 is presented in Table 1.

TABLE 1
State Support for K-12 Education

State Funding	2008-09 Base Year	Governor		Jt. Finance		Act 28	
		2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
General School Aids	\$4,811,501,900	\$4,814,501,900	\$4,836,447,600	\$4,671,200,000	\$4,671,200,000	\$4,671,200,000	\$4,671,200,000
Categorical Aids	650,903,600	653,928,700	655,651,500	643,966,500	640,899,600	644,150,500	653,834,600
School Levy/First Dollar Credits	822,400,000	822,400,000	822,400,000	877,400,000	877,400,000	892,400,000	897,400,000
State Residential Schools	<u>11,485,900</u>	<u>12,068,400</u>	<u>12,068,400</u>	<u>11,765,700</u>	<u>11,765,700</u>	<u>11,765,700</u>	<u>11,765,700</u>
Total	\$6,296,291,400	\$6,302,899,000	\$6,326,567,500	\$6,204,332,200	\$6,201,265,300	\$6,219,516,200	\$6,234,200,300
Change to Prior Year:							
Amount		\$6,607,600	\$23,668,500	-\$91,959,200	-\$3,066,900	-\$76,775,200	\$14,684,100
Percent		0.1%	0.4%	-1.5%	-0.05%	-1.2%	0.2%
Change to Base:							
Amount		\$6,607,600	\$30,276,100	-\$91,959,200	-\$95,026,100	-\$76,775,200	-\$62,091,100
Percent		0.1%	0.5%	-1.5%	-1.5%	-1.2%	-1.0%

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the Act 28 funding levels for each general and categorical school aid program as compared to the 2008-09 base funding level. The provisions relating to individual school aid programs are summarized in the items that follow.

TABLE 2
State Support for K-12 Education by Fund Source

	2008-09 Base Year	Governor		Jt. Finance		Act 28	
		2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
GPR General School Aids	\$4,811,501,900*	\$4,537,501,900	\$4,615,447,600	\$4,394,200,000	\$4,450,200,000	\$4,434,478,000	\$4,671,200,000
Categorical Aids	597,594,300	573,483,100	575,205,900	591,014,800	587,907,400	591,194,800	600,838,400
School Levy/First Dollar Credits	822,400,000	822,400,000	822,400,000	862,550,000	862,550,000	877,550,000	882,550,000
State Residential Schools	<u>11,485,900</u>	<u>12,068,400</u>	<u>12,068,400</u>	<u>11,765,700</u>	<u>11,765,700</u>	<u>11,765,700</u>	<u>11,765,700</u>
GPR Subtotal	\$6,242,982,100	\$5,945,453,400	\$6,025,121,900	\$5,859,530,500	\$5,912,423,100	\$5,914,988,500	\$6,166,354,100
FED General School Aids	\$0*	\$277,000,000	\$221,000,000	\$277,000,000	\$221,000,000	\$236,722,000	\$0
PR Categorical Aids	\$1,518,600	\$1,675,000	\$1,675,000	\$1,675,000	\$1,675,000	\$1,675,000	\$1,675,000
SEG Categorical Aids	\$51,790,700	\$78,770,600	\$78,770,600	\$51,276,700	\$51,317,200	\$51,280,700	\$51,321,200
School Levy/First Dollar Credits	\$0	\$0	\$0	\$14,850,000	\$14,850,000	\$14,850,000	\$14,850,000
Total State Support - All Funds	\$6,296,291,400	\$6,302,899,000	\$6,326,567,500	\$6,204,332,200	\$6,201,265,300	\$6,219,516,200	\$6,234,200,300

* Under 2009 Acts 11 and 23, \$552,278,000 GPR would be lapsed from the general school aids appropriation to the general fund and \$552,278,000 FED from the state fiscal stabilization fund under the American Recovery and Reinvestment Act would be appropriated for general school aids.

TABLE 3

**General and Categorical School Aid by Funding Source
2008-09 Base Year Compared to Act 28**

Agency	Type and Purpose of Aid	2008-09	Act 28		2009-11 Change Over 2008-09 Doubled	
		Base Year	2009-10	2010-11	Amount	Percent
	General Aid					
DPI	General School Aids					
	General Fund	\$4,799,501,900*	\$4,415,778,000	\$4,652,500,000	-\$530,725,800	-5.5%
	Federal Stimulus	0*	236,722,000	0	236,722,000	N.A.
	Total	\$4,799,501,900	\$4,652,500,000	\$4,652,500,000	-\$294,003,800	-3.1
	High Poverty Aid--GPR Funded	\$12,000,000	\$18,700,000	\$18,700,000	\$13,400,000	55.8%
	Total General Aid--All Funds	\$4,811,501,900	\$4,671,200,000	\$4,671,200,000	-\$280,603,800	-2.9%
	Categorical Aid--GPR Funded					
DPI	Special Education	368,939,100	368,939,100	368,939,100	0	0.0%
	Additional Special Education Aid	3,500,000	3,500,000	3,500,000	0	0.0
	Supplemental Special Education Aid	1,750,000	1,750,000	1,750,000	0	0.0
	SAGE	111,984,100	109,184,500	109,184,500	-5,599,200	-2.5
	SAGE--Debt Service	150,000	148,500	148,500	-3,000	-1.0
	Pupil Transportation	27,292,500	26,337,300	26,337,300	-1,910,400	-3.5
	MPS Pupil Achievement	10,000,000	9,650,000	9,650,000	-700,000	-3.5
	Bilingual/Bicultural Education	9,890,400	9,544,200	9,544,200	-692,400	-3.5
	Tuition Payments/Open Enrollment Transfer	9,491,000	9,158,800	9,158,800	-664,400	-3.5
	P-5 Grants	7,353,700	7,096,400	7,096,400	-514,600	-3.5
	Head Start Supplement	7,212,500	6,960,100	6,960,100	-504,800	-3.5
	Alternative Education	5,000,000	4,825,000	4,825,000	-350,000	-3.5
	AODA	4,520,000	4,361,800	4,361,800	-316,400	-3.5
	School Lunch	4,371,100	4,218,100	4,218,100	-306,000	-3.5
	County Children with Disabilities Education Boards	4,214,800	4,067,300	4,067,300	-295,000	-3.5
	Sparsity Aid	3,644,600	3,517,100	14,948,100	11,176,000	153.3
	Children at Risk	3,500,000	3,377,500	3,377,500	-245,000	-3.5
	Four-Year-Old Kindergarten Grants	3,000,000	3,000,000	1,500,000	-1,500,000	-25.0
	School Breakfast	2,890,600	2,789,400	2,789,400	-202,400	-3.5
	Mentoring for Initial Educators	1,350,000	1,302,700	1,302,700	-94,600	-3.5
	School Day Milk	710,600	685,700	685,700	-49,800	-3.5
	Aid for Transportation--Open Enrollment	500,000	482,500	482,500	-35,000	-3.5
	Peer Review and Mentoring	500,000	482,500	482,500	-35,000	-3.5
	Cooperative Educational Service Agencies	300,000	289,500	289,500	-21,000	-3.5
	Gifted and Talented	273,000	263,500	263,500	-19,000	-3.5
	Grants for Nursing Services	250,000	241,200	241,200	-17,600	-3.5
	Grants for School District Consolidation	250,000	0	0	-500,000	-100.0
	Supplemental Aid	125,000	120,600	120,600	-8,800	-3.5
	Advanced Placement	100,000	96,500	96,500	-7,000	-3.5
	English for Southeast Asian Children	100,000	96,500	96,500	-7,000	-3.5
	Science, Technology, Engineering, and Mathematics	61,500	59,400	59,400	-4,200	-3.4
	Aid for Transportation--Youth Options	20,000	19,300	19,300	-1,400	-3.5
	School Districts Grants	0	180,000	0	180,000	N.A.
	Grant to Global Academy	0	50,000	0	50,000	N.A.
	Distance Learning Grant	0	50,000	0	50,000	N.A.
DOA	Debt Service on Technology Infrastructure Bonding	\$4,349,800	\$4,349,800	\$4,342,400	-\$7,400	-0.1%
	Total Categorical Aid--GPR Funded	\$597,594,300	\$591,194,800	\$600,838,400	-\$3,155,400	-0.3
	Categorical Aid--PR Funded					
DPI	AODA	\$1,518,600	\$1,427,500	\$1,427,500	-\$182,200	-6.0%
	Tribal Language Revitalization Grants	0	247,500	247,500	495,000	N.A.
	Total Categorical Aid--PR Funded	\$1,518,600	\$1,675,000	\$1,675,000	\$312,800	10.3
	Categorical Aid--SEG Funded					
DPI	School Library Aids	\$40,000,000	\$39,600,000	\$39,600,000	-\$800,000	-1.0%
DOA	Educational Telecommunications Access Support	\$11,340,700	\$11,190,700	\$11,190,700	-\$300,000	-1.3%
UW	Environmental Education--Forestry	\$400,000	\$400,000	\$400,000	\$0	0.0%
	Environmental Education--Environ. Assessments	50,000	90,000	130,500	120,500	120.5
	Total Categorical Aid--SEG Funded	\$51,790,700	\$51,280,700	\$51,321,200	-\$979,500	-0.9%
	Total Categorical Aid--All Funds	\$650,903,600	\$644,150,500	\$653,834,600	-\$3,822,100	-0.3%
	Total School Aid--All Funds	\$5,462,405,500	\$5,315,350,500	\$5,325,034,600	-\$284,425,900	-2.6%

* Under 2009 Acts 11 and 23, \$552,278,000 GPR would be lapsed from the general school aids appropriation to the general fund and \$552,278,000 FED from the state fiscal stabilization fund under the American Recovery and Reinvestment Act would be appropriated for general school aids.

2. GENERAL SCHOOL AIDS [LFB Paper 620]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	-\$476,054,300	-\$315,949,500	\$261,278,000	-\$530,725,800
FED	498,000,000	0	-261,278,000	236,722,000
Total	\$21,945,700	-\$315,949,500	\$0	-\$294,003,800

Governor: Provide \$277,000,000 FED in 2009-10 and \$221,000,000 FED in 2010-11 and delete \$277,000,000 GPR in 2009-10 and \$199,054,300 GPR in 2010-11 for general school aids. Under the bill, total funding for general school aids from the general fund and federal aid would be \$4,799,501,900 in both 2008-09 and 2009-10 and \$4,821,447,600 in 2010-11.

Specify that the federal funding would be provided from a newly-created continuing appropriation for all federal monies received, as authorized by the Governor, from allocations from the state fiscal stabilization fund under the American Recovery and Reinvestment Act that are distributed to districts as equalization aid. Require DPI to calculate equalization aid to school districts in 2009-10 and 2010-11 using the sum of the amounts appropriated in the state general school aids appropriation and the federal appropriation for state allocations.

The bill also contains language to incorporate into state equalization aid payments any federal funding from the state fiscal stabilization fund that would be required to be distributed as subgrants based on districts' relative shares of funding under the federal Title I program. Based on the final language included in the federal act and the general aid funding level in the bill, the administration indicates that these provisions would not need to be utilized. These provisions would require DPI to subtract from each district's equalization aid entitlement the amount of federal moneys that the district will receive in that year from the state fiscal stabilization fund allocations that are distributed to districts as subgrants based on the districts' relative shares of funding under the federal Title I program. If the result is a positive number, require DPI to pay that amount to the district from the state general school aids appropriation. If the result is a negative number, require DPI to deduct from other state aid payments made to the district in that year an amount equal to either that difference or the amount of other state aids, whichever is less, and add the amount of the deduction to the total amount to be distributed as equalization aid.

Joint Finance: Delete \$147,001,900 in 2009-10 and \$168,947,600 in 2010-11 for general school aids. Under Joint Finance, total funding for general school aids from the general fund and federal aid would be \$4,799,501,900 in 2008-09 and \$4,652,500,000 in both 2009-10 and 2010-11. Also, delete the language in the bill to incorporate into state equalization aid payments any federal funding from the state fiscal stabilization fund that would be required to be distributed as subgrants based on districts' relative shares of funding under the federal Title I program.

Assembly/Legislature: Provide \$40,278,000 GPR in 2009-10 and \$221,000,000 GPR in 2010-11 and delete an equal amount of federal funding in each year for general school aids to reflect enactment of Senate Bill 232 (2009 Act 23). That act appropriates \$261,278,000 of federal stabilization funding for general school aids in 2008-09, that would have been used in the 2009-

11 biennium under Joint Finance. In addition, delete references to federal funding for general school aids in 2010-11 which are no longer needed under this provision.

[Act 28 Section: 9139(1j)(a)]

3. **AID ADJUSTMENTS RELATING TO BASE FUNDING REDUCTION IN GENERAL SCHOOL AIDS**

Conference Committee/Legislature: Modify the impact of the \$147 million base funding reduction to general school aids by requiring DPI to make an additional set of adjustments to the payments of certain districts after the equalization aid formula has been used to calculate aid for all districts. Under these adjustments, districts that would otherwise have lost more than an estimated 10% percent of their aid as a result of the base funding reduction would have their aid increased to limit their reduction to approximately 10%. Certain districts that would have lost less than 0.9% of their aid as a result of the base funding reduction would have their aid decreased to result in a 10% reduction. These adjustments would apply for the 2009-11 biennium only.

To implement these aid adjustments, require DPI, after calculating the net general school aid payment for each school district for 2009-10 and for 2010-11, to perform an additional series of calculations to reduce or increase the aid received by certain school districts. To calculate these additional aid adjustments, require DPI to run the aid formula a second time as if an additional \$147,001,900 of funding had been appropriated for general school aid. For each school district, require DPI to compute the percentage reduction in aid under the first aid run compared to the second aid run. Using this percentage reduction, require DPI to make two adjustments to the net aid provided to school districts under the first aid run.

The first adjustment would apply to each district that satisfies the following criteria: (a) the district has an equalized value per member that is above the statewide average; (b) the district has fewer than 35% of its pupils eligible for the federal free and reduced price lunch program; and (c) the district has a percentage change between 0.0% and -0.9%. For these districts, DPI would calculate how much the net aid under the second aid run would need to be reduced to achieve a 10% aid reduction, and then would reduce the net aid under the first aid run by that amount.

The second adjustment would apply to school districts with the highest percentage aid reduction in the first aid run compared to the second aid run. For these districts, require DPI to increase their net aid by the amount reduced in aggregate from the first group of districts. Require DPI to allocate these moneys to provide districts in the second group with additional aid until their percentage aid reduction under the two aid runs is the same as the percentage aid reduction for the next lower school district, until the moneys are fully allocated.

Veto by Governor [B-10]: Under the Governor's partial veto, the districts that would have been subject to the 10% aid reduction under the enrolled bill under the first aid adjustment

described above will not have their aid reduced by that amount. The same calculation described under the first aid adjustment will, however, be used under Act 28 to determine the maximum amount of aid that is available for potential redistribution to the districts eligible for the second aid adjustment. The provisions related to the second aid adjustment were not affected by the partial veto. In his veto message, the Governor requested that the State Superintendent pay the additional amount to districts eligible for the second aid adjustment from the state general school aids appropriation. To accomplish this, the Department has indicated that it will proportionately reduce the general aid payments to all districts in the state not eligible for the second adjustment by an amount that, in total, will generate enough funding to pay the second aid adjustment to eligible districts.

[Act 28 Section: 9139(1j)(b)]

[Act 28 Vetoed Section: 9139(1j)(b)]

4. EQUALIZATION AID CALCULATION FOR CONSOLIDATED DISTRICTS

Senate/Legislature: Change the percentage by which the equalization aid formula factors are increased for a consolidated school district from 10% to 15%, beginning with aid distributed in 2009-10. Under current law, in calculating aid for a consolidated district for the first five years after the consolidation, the cost ceilings and guaranteed valuations in the formula are increased by 10%, which has the effect of providing additional aid to consolidated districts. Increasing the percentage to 15% would provide more aid to consolidated districts within the total general school aids appropriation.

[Act 28 Sections: 2299g, 2299r, and 9339(7i)]

5. GENERAL SCHOOL AIDS BASE FOR 2011-13 BUDGET

Governor: Require the Secretary of the Department of Administration, in preparing the 2011-13 biennial budget bill, to assume that the base level of funding in the state GPR appropriation for general school aids for the 2011-13 biennium is the sum of that appropriation and the federal appropriation for general aid in the 2010-11 fiscal year. Federal funding for general aid under the bill would be provided in an appropriation for allocations from the state fiscal stabilization fund under the American Recovery and Reinvestment Act. Under the Joint Finance version of the bill, \$4,652,500,000 would be provided for general school aids in 2010-11, including \$4,431,500,000 from the general fund and \$221,000,000 in federal aid.

Assembly/Legislature: Delete provision.

6. CHOICE PUPILS COUNTED IN MPS ENROLLMENT FOR PER PUPIL PROPERTY VALUE [LFB Paper 643]

Governor: Specify that a portion of the pupils attending schools participating in the

Milwaukee parental choice program would be added to the membership of the Milwaukee Public Schools (MPS) for the purpose of determining the guaranteed valuations for MPS under the equalization aid formula. Specify that the following percentages of choice pupils would be added for state aid distributed in the indicated school year: (a) 10% in 2009-10; (b) 20% in 2010-11; (c) 30% in 2011-12; (d) 40% in 2012-13; and (e) 50% in 2013-14 and each school year thereafter. Specify that choice enrollment would be added using prior year data, similar to the current law pupil membership definition used for all school districts under the aid formula.

Under the equalization aid formula, there are three guaranteed valuations that are applied to three different expenditure levels. Guaranteed valuations are the amount of property tax base support which the state guarantees behind each pupil. At each level of the formula, the rate at which a district's costs are aided is determined by comparing the district's per pupil tax base to the state's guaranteed tax base. Equalization aid is provided to make up the difference between the two tax bases.

Under the bill, the MPS membership for determining the guaranteed valuations would be higher than under current law. This would reduce MPS' property value per pupil, meaning more equalization aid would be needed to fill in the state's guaranteed tax base for MPS. To the extent more equalization aid would be paid to MPS, less equalization aid would be distributed to the other districts in the state. Had the 10% provision been in effect in the 2008-09 aid year, it is estimated that \$4.6 million in additional aid would have been received by MPS, and \$4.6 million less, in aggregate, by other school districts. Had the 50% provision been in effect in 2008-09, this redistribution would have totaled an estimated \$21.2 million.

Joint Finance/Legislature: Delete provision.

7. HIGH POVERTY AID [LFB Paper 643]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$6,000,000	\$7,400,000	\$13,400,000

Governor: Provide \$3,000,000 annually to increase funding for high poverty aid above base level funding of \$12,000,000. A district is eligible for aid if, in the October preceding a biennium, at least 50% of the district's enrollment is eligible for free or reduced-price lunch. By law, for all districts except the Milwaukee Public Schools (MPS), high poverty aid is subject to revenue limits. For MPS, high poverty aid must be used to reduce the school property tax levied for the purpose of offsetting the aid reduction attributable to the Milwaukee parental choice program. In either case, the effect of this aid is to reduce the property tax levy of the eligible district. In 2008-09, 24 districts received high poverty aid.

Under current law, beginning in 2009-10, an eligible district's aid entitlement will be calculated by dividing the appropriation amount by the total number of pupils enrolled in all eligible districts in the given year. This per pupil amount will be adjusted by the percentage

increase in the general school aids appropriation in the current fiscal year and then by the percentage increase in state personal income in the prior calendar year. For each district, this adjusted per pupil amount will be multiplied by its third Friday in September enrollment in the current year in order to calculate its aid entitlement. The aid entitlement for each eligible district cannot be less than its aid entitlement in the prior year, adjusted by the same percentage increases applied to the per pupil amount. If total aid entitlements exceed available funding, DPI must prorate the payments.

Joint Finance/Legislature: Provide an additional \$3,700,000 annually for high poverty aid. Modify the aid calculation to delete current law and, instead, specify that an eligible district's aid entitlement would be calculated by dividing the appropriation amount by the total pupil membership of all eligible districts and multiplying that per pupil aid amount by the membership of an eligible district. For the purposes of the calculation, membership would be defined as the membership used in calculating equalization aid in the first aid year of each biennium.

[Act 28 Sections: 2301p thru 2301v]

8. ADDITIONAL COUNT DATE FOR MPS MEMBERSHIP

Joint Finance/Legislature: For purposes of determining the pupil membership used in calculating equalization aid, establish an additional count date for the Milwaukee Public Schools (MPS) on the first Friday in May of each year. Specify that membership for MPS would be defined as the highest enrollment of the three count dates (the 3rd Friday of September, the 2nd Friday of January, and the 1st Friday of May), rather than the average of the September and January counts as under current law for all districts. Provide that this provision would first apply to the calculation of state aid in 2010-11.

[Act 28 Sections: 2297t, 2298k thru 2298s, 2308m, and 9339(8e)]

9. OPEN ENROLLMENT HOLD HARMLESS PAYMENTS

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$1,544,000	-\$1,544,000	\$0

Senate/Legislature: Provide \$772,000 annually in a new sum sufficient appropriation for hold harmless payments to those districts that have net pupil transfers out of the district under the open enrollment program of more than 10% of their pupil membership. Specify that the payment be equal the net number of pupils in excess of 10% of the district's membership that transferred out of the district in the prior year multiplied by the open enrollment transfer amount in the prior year. Specify that these payments would be treated as a general aid subject

to revenue limits.

Veto by Governor [B-12]: Delete provision.

[Act 28 Vetoed Sections: 176 (as it relates to s. 20.255(2)(ch)), 242d, 2274t, 2309, and 9339(7j)]

10. REVENUE LIMIT PER PUPIL ADJUSTMENT [LFB Papers 620 and 625]

Joint Finance/Legislature: Set the per pupil adjustment under revenue limits at \$200 in 2009-10 and 2010-11. Specify that the per pupil adjustment would be \$275 in 2011-12, and would be adjusted by the change in consumer price index (CPI) as under current law beginning in 2012-13 and annually thereafter. In addition, clarify the CPI indexing provision to specify that the adjustment would remain unchanged from the prior year if the CPI change is negative.

[Act 28 Sections: 1815m, 2313b thru 2315L, 2315o thru 2315y, 2318b, and 3405s]

11. PRIOR YEAR BASE REVENUE HOLD HARMLESS

Joint Finance: Specify that the prior year base revenue hold harmless adjustment under revenue limits would not apply to the calculation of revenue limits in 2009-10 and 2010-11. Under this adjustment, a district's initial revenue limit for the current year is, in certain cases, set equal to its prior year's base revenue. This hold harmless applies if a district's initial 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.

Assembly/Legislature: Delete provision.

12. TREATMENT OF FEDERAL STIMULUS FUNDS UNDER REVENUE LIMITS [LFB Paper 621]

Governor: Specify that federal funding received by school districts from the appropriation for allocations from the state fiscal stabilization fund under the American Recovery and Reinvestment Act that are distributed to districts as equalization aid would be subject to revenue limits, beginning in the 2009-10 school year. Under current law, revenue limits restrict the amount of revenue school districts can raise from the combination of general aid, computer aid, and property taxes.

Joint Finance/Legislature: Modify provision to make it first apply in the 2008-09 school year.

[Act 28 Sections: 2309 thru 2311, 2312, and 9339(7)]

13. LOW REVENUE CEILING [LFB Paper 622]

Governor: Increase the low revenue ceiling under revenue limits to \$9,400 per pupil in 2009-10 and \$9,800 per pupil in 2010-11 and each year thereafter. Under current law, any school district with base revenue per pupil of less than \$9,000 may increase its revenues up to the low revenue ceiling of \$9,000 per pupil. In 2008-09, 75 districts were eligible for the \$9,000 per pupil low revenue adjustment.

Joint Finance: Delete provision.

Senate/Legislature: Specify that the low revenue ceiling would be set at \$9,800 per pupil beginning in 2011-12 and each year thereafter.

[Act 28 Section: 2312d]

14. REVENUE LIMIT INCREASE FOR SCHOOL SAFETY EXPENDITURES [LFB Paper 623]

Governor: Provide that a school district's revenue limit may be increased by a specified amount for certain expenses for school safety, beginning with revenue limits calculated in the 2010-11 school year. Specify that a school district may use funding generated by the revenue limit increase to purchase school safety equipment or fund the compensation costs of security officers. Specify that the amount of the revenue limit increase would be equal to the following:

a. for the 2010-11 school year, \$33 times the number of pupils enrolled in the district or \$13,333, whichever is greater;

b. for the 2011-12 school year, \$67 times the number of pupils enrolled in the district or \$26,227, whichever is greater; and

c. for the 2012-13 school year and each year thereafter, \$100 times the number of pupils enrolled in the district or \$40,000, whichever is greater.

Specify that the adjustment would be nonrecurring.

To receive the revenue limit increase, require a school board to: (a) adopt a resolution to increase the limit; (b) jointly develop a school safety plan with a local law enforcement agency that specifies the purposes of the additional revenue; and (c) submit the school safety plan to DPI. Define "local law enforcement agency" to mean a governmental unit of one or more persons employed full time by a city, town, village, or county for the purpose of preventing and detecting crime and enforcing state laws or local ordinances, employees of which unit are authorized to make arrests for crimes while acting within the scope of their authority.

Joint Finance/Legislature: Modify the provision to delay implementation to the 2011-12 school year and specify that districts would be eligible for the full adjustment in that year, rather than a three-year phase-in. Require the plan for the revenue limit adjustment to be

consistent with the school safety plan required under current law. Modify the allowable uses of the revenue limit adjustment to include school safety expenditures consistent with the school safety plan. In addition, modify the current law requirement for a school safety plan as follows:

Require each school board and the governing body of each private school to have in effect a school safety plan for each public or private school in the school district under the provisions of the bill within three years of the effective date of the bill.

Require the school safety plan to be created with the active participation of appropriate parties, as specified by the school board or governing body of a private school. Specify that the appropriate parties may include local law enforcement officers, fire fighters, school administrators, teachers, pupil services professionals, and mental health professionals. Require the plan to include general guidelines specifying procedures for emergency prevention and mitigation, preparedness, response, and recovery. Require the plan to specify the process for reviewing the methods for conducting drills required to comply with the plan.

Require a school board or governing body of a private school to determine which persons are required to receive school safety plan training and the frequency of the training. Require the training to be based upon the district's or private school's prioritized needs, risks, and vulnerabilities.

Require each school board and the governing body of each private school to review the school safety plan at least once every three years after the plan goes into effect.

[Act 28 Sections: 2258m, 2258n, 2276m, 2297m, 2297n, 2315z, 2318, and 9339(6)(a)]

15. REVENUE LIMIT INCREASE FOR SCHOOL NURSE COMPENSATION COSTS [LFB Paper 623]

Governor: Provide that a school district's revenue limit may be increased by a portion of the amount spent by the district in that school year to pay the salary and fringe benefits costs of school nurses employed by the school board, beginning with revenue limits calculated in the 2010-11 school year. Specify that the amount of the revenue limit increase would be equal to the following:

- a. for the 2010-11 school year, one-third of the costs;
- b. for the 2011-12 school year, two-thirds of the costs; and
- c. for the 2012-13 school year and each year thereafter, all of the costs.

Require a school board to adopt a resolution to increase its revenue limit under this provision. Specify that the adjustment would be nonrecurring.

Joint Finance/Legislature: Modify the provision to delay implementation to the 2011-12 school year and specify that districts would be eligible for the full adjustment in that year, rather than a three-year phase-in. Specify that the salary and fringe benefits costs of school

nurses providing nursing services in the district under a contract with the school board would be eligible under the adjustment, and specify that the adjustment be equal to the amount spent by a district in the second-previous year.

[Act 28 Sections: 2316, 2318, and 9339(6)(a)]

16. REVENUE LIMIT INCREASE FOR TRANSPORTATION COSTS [LFB Paper 623]

Governor: Provide that a school district's revenue limit may be increased by a portion of the amount by which its transportation costs exceed the statewide average, beginning with revenue limits calculated in the 2010-11 school year. Specify that this adjustment would be based on the difference, if positive, between the average amount spent by the district per pupil on transportation in the previous year and the statewide average amount per pupil spent on transportation in the previous year, multiplied by the number of pupils transported by the district in the prior year. Specify that the amount of the revenue limit increase would be equal to the following:

- a. for the 2010-11 school year, one-third of the calculated amount;
- b. for the 2011-12 school year, two-thirds of the calculated amount; and
- c. for the 2012-13 school year and each year thereafter, all of the calculated amount.

Require a school board to adopt a resolution to increase its revenue limit under this provision. Specify that the adjustment would be nonrecurring.

Joint Finance/Legislature: Modify the provision to delay implementation and specify that districts would be eligible for 50% of the adjustment amount in 2011-12 and 100% of the adjustment amount in 2012-13. Specify that the calculation use data from the second-previous year, and that the difference in cost be multiplied by the total district membership, rather than the number of pupils transported.

[Act 28 Sections: 2317, 2318, and 9339(6)(a)]

17. REVENUE LIMIT INCREASE FOR ENERGY EFFICIENCY MEASURES

Joint Finance/Legislature: Provide that a school district's revenue limit may be increased by the amount spent by the district in that school year on energy efficiency measures and renewable energy products that result in avoidance of, or reduction in, energy costs, beginning with revenue limits calculated in the 2009-10 school year. Require DPI to promulgate rules to implement this provision, including standards and guidelines districts must meet to use this adjustment. Allow DPI to promulgate emergency rules without the finding of an emergency to implement this provision. Require a school board to adopt a resolution to increase its revenue limit under this provision. Specify that the adjustment would be nonrecurring.

[Act 28 Sections: 2317m, 2318, 9139(2x), and 9339(6)(b)]

18. REVENUE LIMIT CALCULATION FOR CONSOLIDATED SCHOOL DISTRICT [LFB Paper 624]

Governor: Specify that state aid, property tax, and pupil enrollment data needed to calculate the revenue limit of a consolidated school district from school years prior to the consolidation would be equal to the sum of the figures for all of the districts involved in the consolidation. Also, specify that any additional revenue limit authority approved by referendum for one or more of the affected districts in a consolidation would expire on the effective date of the consolidation. These provisions would first apply to a school district consolidation that takes effect on July 1, 2009.

Joint Finance/Legislature: Specify that any additional revenue limit authority that would be added in any years after a consolidation is effective would expire on the effective date of the consolidation.

[Act 28 Sections: 2315m and 9339(2)]

19. SCHOOL LEVY AND FIRST DOLLAR TAX CREDITS

Joint Finance: Increase the first dollar credit distribution beginning in the 2009(10) property tax year by \$55,000,000, to a total of \$130,000,000. While the increase of \$55,000,000 in the credit will first apply to property taxes levied in 2009 and payable in 2010, and annually thereafter, it will first be distributed to municipalities on the fourth Monday in July of 2010. Thus, the fiscal effect of this annual increase will first occur in 2010-11. Under Joint Finance, \$55,000,000 in additional GPR funding would be provided in 2010-11 for this increase. The \$55,000,000 increase for the 2010(11) property tax year would not be distributed until July of 2011, outside the 2009-11 biennium. Also, convert \$14,850,000 in school levy tax credit funding from GPR to lottery and gaming fund SEG, beginning in the 2009(10) year.

Senate/Legislature: Increase the first dollar credit distribution by \$15,000,000 for property tax year 2009(10) and by an additional \$5,000,000 for property tax year 2010(11) and thereafter. This would result in distributions of \$145,000,000 in 2010-11 and \$150,000,000 in 2011-12, and thereafter. Under this provision, \$15,000,000 in additional GPR funding would be provided in 2010-11 for this increase. The second increase of \$5,000,000 for the 2010(11) property tax year would not be distributed until July of 2011, outside the 2009-11 biennium.

[See "Shared Revenue and Tax Relief -- Property Tax Credits" for more information on this item.]

Categorical Aids

1. SPARSITY AID

GPR	\$11,431,000
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Senate/Legislature: Increase the per pupil amount under sparsity aid to \$300 for all eligible districts effective in 2009-10. Increase funding by \$11,431,000 in 2010-11, which would include \$127,500 to restore base level funding from across-the-board reductions taken under Joint Finance, and \$11,303,500 to fully fund \$300 per pupil for all qualifying districts. Under Joint Finance, \$3,517,100 would be provided annually for sparsity aid.

Under current law, school districts qualify for sparsity aid if they meet the following criteria: (a) an enrollment in the prior year of less than 725 pupils; (b) a population density of less than 10 pupils per square mile of district attendance area; and (c) at least 20% of pupils qualify for free or reduced-price lunch under the National School Lunch Program. Aid is equal to \$150 per pupil, except that districts with at least 50% of pupils qualifying for free or reduced-price lunch receive \$300 per pupil. In 2008-09, 110 districts qualified for sparsity aid, including 12 districts that qualified for \$300 per pupil. Aid was prorated at 44.7%.

[Act 28 Section: 2256t]

2. STUDENT ACHIEVEMENT GUARANTEE IN EDUCATION PROGRAM [LFB Paper 630]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$9,152,600	-\$9,152,600	\$0

Governor: Provide \$3,711,200 in 2009-10 and \$5,441,400 in 2010-11 above base level funding of \$111,984,100 for the SAGE program, in order to accommodate anticipated growth in low-income enrollments.

Under the program, school districts must do all of the following in each SAGE school: (a) reduce class size to 15 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. School districts receive \$2,250 for each low-income pupil in grades K-3 in participating schools. In 2008-09, 462 schools in 215 districts are in the SAGE program and 49,963 FTE low-income pupils in grades K-3 attend these schools.

Joint Finance: Delete provision.

3. FOUR-YEAR-OLD KINDERGARTEN GRANTS [LFB Paper 631]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$2,000,000	-\$5,000,000	\$1,500,000	-\$1,500,000

Governor: Provide \$1,000,000 annually to increase funding for four-year-old kindergarten (K4) grants above base level funding of \$3,000,000. Under current law, funding is provided for two-year grants to school districts that implement a new K4 program. Each eligible district receives up to \$3,000 for each K4 pupil enrolled in the district in the first year of the grant and up to \$1,500 for each K4 pupil enrolled in the second year of the grant. If the appropriation amount is insufficient to fully fund the maximum payments, DPI is required to prorate the payment amounts. In awarding the grants, DPI is required to give preference to districts that use community approaches to early education. In 2008-09, 31 districts received K4 grants.

Joint Finance: Delete \$1,000,000 in 2009-10 and \$4,000,000 in 2010-11 for K4 grants. Under Joint Finance, \$3,000,000 would be provided for these grants in 2009-10 and no funding would be provided in 2010-11.

Senate: Provide \$3,000,000 in 2010-11 for K4 grants. Under the Senate, \$3,000,000 would be provided in both 2009-10 and 2010-11 for these grants.

Conference Committee/Legislature: Delete \$1,500,000 in 2010-11 for K4 grants. Under the budget act, \$3,000,000 in 2009-10 and \$1,500,000 in 2010-11 is provided for these grants.

4. FOUR-YEAR-OLD KINDERGARTEN GRANT FOR MADISON

Assembly: Provide \$500,000 in 2009-10 in a new biennial appropriation for DPI to provide a grant to the Madison Metropolitan School District in the 2009-11 biennium to establish a four-year-old kindergarten program. Specify that no funding may be encumbered from the appropriation after June 30, 2011.

Senate/Legislature: Delete provision.

5. ACROSS-THE-BOARD 1% REDUCTIONS [LFB Paper 632]

Governor/Legislature: Delete \$1,038,000 GPR, \$15,200 PR, and \$400,000 SEG annually as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions by appropriation are shown below.

GPR	-\$2,076,000
PR	- 30,400
SEG	<u>- 800,000</u>
Total	-\$2,906,400

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Supplemental aid	\$125,000	-\$1,300
GPR	Sparsity aid	3,644,600	-36,400
GPR	Aid for children-at-risk	3,500,000	-35,000
GPR	County children with disabilities boards	4,214,800	-42,100
GPR	Bilingual-bicultural education	9,890,400	-98,900
GPR	English for SE Asian children	100,000	-1,000
GPR	Alternative education	5,000,000	-50,000
GPR	Tuition payments	9,491,000	-94,900
GPR	School breakfast	2,890,600	-28,900
GPR	School lunch	4,371,100	-43,700
GPR	School day milk	710,600	-7,100
GPR	SAGE debt service	150,000	-1,500
GPR	Improving pupil academic achievement	10,000,000	-100,000
GPR	Nursing services	250,000	-2,500
GPR	Alcohol and other drug abuse--grants	4,520,000	-45,200
GPR	Preschool to grade 5	7,353,700	-73,500
GPR	Head start supplement	7,212,500	-72,100
GPR	Cooperative educational service agencies	300,000	-3,000
GPR	Peer review and mentoring	500,000	-5,000
GPR	Advanced placement courses	100,000	-1,000
GPR	Gifted and talented students	273,000	-2,700
GPR	Science, technology, engineering, and math	61,500	-600
GPR	Mentoring grants for initial educators	1,350,000	-13,500
GPR	Pupil transportation	27,292,500	-272,900
GPR	Aid for transportation--youth options	20,000	-200
GPR	Aid for transportation--open enrollment	500,000	-5,000
PR	Aid for AODA programs	1,518,600	-15,200
SEG	School library aids (common school fund)	40,000,000	-400,000

6. ADDITIONAL 2.5% REDUCTIONS

GPR	- \$10,783,000
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Joint Finance/Legislature: Delete \$5,391,500 GPR annually as part of an across-the-board 2.5% reduction in most school aid appropriations. The reductions are in addition to the 1% reductions in AB 75 applied to all of these appropriations, except SAGE.

<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
SAGE	\$111,984,100	-\$2,799,600
Pupil transportation	27,292,500	-682,300
Improving pupil academic achievement	10,000,000	-250,000
Bilingual-bicultural education	9,890,400	-247,300
Tuition payments; open enrollment	9,491,000	-237,300
Preschool to grade 5	7,353,700	-183,800
Head Start Supplement	7,212,500	-180,300
Alternative Education	5,000,000	-125,000
Alcohol and other drug abuse--grants	4,520,000	-113,000
School Lunch	4,371,100	-109,300
County children with disabilities board	4,214,800	-105,400
Sparsity Aid	3,644,600	-91,100
Children-at-Risk	3,500,000	-87,500
School breakfast	2,890,600	-72,300
Mentoring for Initial Educators	1,350,000	-33,800
School day milk	710,600	-17,800
Open Enrollment transportation	500,000	-12,500
Peer review and mentoring	500,000	-12,500
Cooperative educational service agencies	300,000	-7,500
Gifted and talented	273,000	-6,800
Grants for nursing services	250,000	-6,300
Supplemental aid	125,000	-3,100
Advanced placement	100,000	-2,500
English for SE Asian Children	100,000	-2,500
Science, technology, engineering, and math	61,500	-1,500
Youth options transportation	20,000	-500

7. CONVERT THREE TRANSPORTATION RELATED AIDS TO TRANSPORTATION FUND [LFB Paper 634]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$55,068,800	\$55,068,800	\$0
SEG	<u>55,068,800</u>	<u>- 55,068,800</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$27,534,400 SEG annually and delete \$27,534,400 GPR annually for: (a) pupil transportation (\$27,019,600 annually); (b) open enrollment transportation (\$495,000 annually), and youth options transportation (\$19,800 annually). Convert the funding source for these programs from the general fund to the transportation fund. Specify that the new appropriations for pupil transportation, youth options transportation, and open enrollment transportation would be made from the transportation fund, notwithstanding a current law provision that restricts the use of transportation fund revenues to a list of statutorily enumerated transportation programs and functions.

This item is part of a recommendation to convert several appropriations outside the Department of Transportation from the general fund to the transportation fund. A summary listing of these appropriations can be found under the Transportation Finance section of the

Department of Transportation.

Joint Finance/Legislature: Delete provision.

8. TRIBAL LANGUAGE GRANTS [LFB Paper 633]

PR	\$495,000
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Governor/Legislature: Provide \$247,500 annually in a new appropriation for tribal language revitalization grants to school districts and cooperative educational service agencies (CESAs). This program revenue would be funded from tribal gaming revenues transferred from DOA. Allow a district or CESA, in conjunction with a tribal education authority, to apply to DPI for a grant for the purpose of supporting innovative, effective instruction in one or more American Indian languages. Require DPI to promulgate rules to implement and administer the program.

[Act 28 Sections: 246, 580, and 2257]

9. AODA FUNDING REDUCTION [LFB Paper 516]

PR	-\$151,800
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Governor: Reduce funding by \$75,900 annually from base level funding of \$1,518,600 for the categorical aid for alcohol and other drug abuse programs, which are supported by penalty assessment surcharge funding. This reduction would be in addition to the 1% across-the-board reduction made separately. Specify that any unencumbered balance on June 30 of each year would revert to the "criminal justice program support" appropriation under the Department of Justice.

Joint Finance/Legislature: Delete the provisions related to the "criminal justice program support" appropriation.

10. GRANTS FOR SCHOOL DISTRICT CONSOLIDATION

Assembly: Provide \$250,000 annually in the 2009-11 biennium in a biennial appropriation for grants to school districts for consolidation feasibility studies and for a consolidated district. Specify that a consortium of two or more districts could apply to DPI for a grant of up to \$10,000 to conduct a study. 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.

Notwithstanding the above provisions, provide that, if a school district in Rusk County consolidates with a school district in Barron County effective July 1, 2010, DPI must award a grant in an amount equal to the amount remaining on July 1, 2010, in the appropriation to the

consolidated district.

Prohibit DPI from encumbering funds from this appropriation after June 30, 2011.

Senate/Legislature: Delete provision.

11. SCHOOL DISTRICT GRANTS

Assembly: Provide \$180,000 in 2009-10 on a one-time basis to provide grants of \$60,000 each to the following school districts: (a) Pepin Area, for purposes of 4-year-old kindergarten, a distance learning lab, and technology improvements; (b) Cochrane-Fountain City, for purposes of transportation, class size reduction, and comprehensive education; and (c) Plum City, for purposes of transportation and specialized instruction. Prohibit DPI from encumbering funds from this appropriation after June 30, 2010.

GPR	\$180,000
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Conference Committee/Legislature: Delete the reference to 4-year-old kindergarten under the Pepin Area School District.

[Act 28 Sections: 244f and 9139(9i)]

12. GRANT TO CHEQUAMEGON SCHOOL DISTRICT

Joint Finance/Legislature: Provide \$50,000 in 2009-10 for a one-time grant to Chequamegon School District for a distance learning lab.

GPR	\$50,000
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[Act 28 Sections: 244r and 9139(6i)]

13. GRANT TO GLOBAL ACADEMY

Joint Finance/Legislature: Provide \$50,000 in 2009-10 for a one-time grant to a consortium of seven school districts in Dane County, known collectively as the "global academy," to support program planning and development.

GPR	\$50,000
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[Act 28 Sections: 244g and 9139(5i)]

School District Operations

1. COLLECTIVE BARGAINING PROVISIONS FOR SCHOOL DISTRICT EMPLOYEES

Governor: Make the following changes to collective bargaining for school district employees: (a) delete current law provisions related to the qualified economic offer (QEO); (b) specify that, for arbitration decisions involving a unit consisting of school district employees, an arbitrator would not give greatest weight to any state law placing limitations on expenditures or revenues of a municipal employer or greater weight to economic conditions in the jurisdiction of the municipal employer; (c) allow an agreement for any unit consisting of school district employees to be for a term of up to four years; and (d) allow two or more units consisting of school district employees to combine into a single unit if a majority of the employees in each unit vote to combine upon the expiration of any agreement. These provisions would first apply to petitions for arbitration that relate to collective bargaining agreements that cover periods beginning on or after July 1, 2009, and that are filed on the effective date of the bill.

Joint Finance: Delay the effective date of the repeal of the QEO to July 1, 2010. Also, specify that for collective bargaining agreements that begin on or after July 1, 2009, and that are not settled on the effective date of the bill, interest arbitration on unresolved economic issues would only be permitted if consented to by both the school district employer and the collective bargaining unit. This provision would apply until July 1, 2010.

Senate: Restore the Governor's language regarding the repeal of the QEO, under which the repeal would first apply on the effective date of the bill. Also, modify a current law statutory provision stating that the term of collective bargaining agreements may not exceed three years to clarify that agreements for school district employees may be for a term of up to four years, consistent with other provisions of the bill.

Provide that a factor would be added to the list of other factors that must be considered by an arbitrator in rendering arbitration awards involving municipal employers and employees, including school districts employers and employees. Specify that the factor would be any funding limitation, funding authority, or funding source when raised by the parties in the arbitration.

Specify that an arbitrator may not give weight to accumulated fund balances in an arbitration decision involving a collective bargaining unit consisting of school district employees. Provide that if the decision is in the favor of the labor union, the employer may not use any accumulated fund balance for employee salaries or fringe benefits.

Conference Committee/Legislature: Adopt the Senate provisions to restore the Governor's provision to repeal the QEO on the effective date of the bill and to modify the current law provision to clarify that agreements for school district employees may be for a term of up to four years.

[Further information on these items can be found under "Employment Relations Commission".]

2. PRIVATE SCHOOL TRANSPORTATION PROVIDED THROUGH PARENT CONTRACTS

Joint Finance: Provide that, for purposes of parent contracts to provide transportation to private school pupils, if two or more pupils reside in the same household and attend the same private school, then a contract with the parent or guardian of the pupils may, at the discretion of the school board, provide for a total annual payment for all such pupils of not less than \$5 times the distance in miles between the pupils' residence and the private school they attend, or the school district's average cost per pupil for bus transportation in the previous year, exclusive of transportation for kindergarten pupils during the noon hour and for pupils with disabilities, whichever is greater. Specify that this provision would first apply to contracts entered into after the bill's effective date.

Under current law, such a payment is made for each such private school pupil transported. The payment cannot exceed the actual cost of the transportation. A school board may offer this type of contract only if the estimated cost to transport the private school pupil is more than 1.5 times the school district's average cost per pupil for regular bus transportation in the previous school year, and the board meets certain parent notification requirements. If the parent rejects the contract, the school board is not obligated to provide transportation.

For public school parent contracts for transportation, the parent or guardian and the school board must agree upon the amount of compensation to be designated in the contract. If the parent rejects the contract, the school board must provide transportation using an alternate method.

Senate/Legislature: Provide that the provision would apply only to Milwaukee Public Schools. Current law would be retained for all other school districts.

[Act 28 Sections: 2302p, 2302t, and 9339(8x)]

3. TRANSPORTATION FOR PREGNANT STUDENTS

Joint Finance: Require that school districts offer transportation to all private and public school pupils who reside in the district and are pregnant, even when such pupils reside less than two miles from the school they are entitled to attend, and regardless of whether the pupils reside in a school district that contains all or part of a city. Provide that pregnant pupils whose residence is less than two miles from the school attended would be aided at \$15 per school year, the same rate paid for pupils transported less than two miles due to areas of unusual hazard under current law. These provisions would first apply to pupils transported in 2009-10.

Assembly/Legislature: Delete provision.

4. LIMIT ON OPEN ENROLLMENT PUPILS AND PER PUPIL AMOUNTS FOR PUPILS FROM MPS

Assembly: Specify that for 2009-10, no school district that is located in whole or in part in Milwaukee County may accept more pupils from MPS under the public school open enrollment program than it did in 2008-09. Provide that the amount per pupil for those school districts for pupils from MPS in 2009-10 would be the same as in 2008-09.

Senate: Delete provision.

Conference Committee/Legislature: Specify that for 2009-10, no school district that is located in whole or in part in Milwaukee County may receive more in state aid under the open enrollment program as a result of accepting pupils who reside in MPS than it did in 2008-09.

Veto by Governor [B-11]: Delete provision.

[Act 28 Vetoed Section: 9139(2q)]

5. MPS SCHOOL CONSTRUCTION PROJECTS

Assembly: Require the MPS Board to ensure that at least 30% of the number of full-time equivalent employees hired to work on school district construction projects funded in whole or in part with federal economic stimulus funds, or by a federal interest rate subsidy on bonds, reside within the community development block grant area located in the City, as determined by the Board.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

Veto by Governor [C-3]: Delete a cross-reference in this provision to the definition of federal economic stimulus funds created in a separate provision on the use of private contractor positions that was vetoed.

[Act 28 Section: 9139(7u)]

[Act 28 Vetoed Section: 9139(7u)]

6. HIGH SCHOOL GRADUATION REQUIREMENTS

Governor: Require that a school board may not grant a high school diploma to a pupil unless the pupil has earned, in the high school grades, at least three credits of mathematics and three credits of science. Provide that this provision would first apply to pupils graduating from high school in 2013.

Under current law, a pupil must earn two credits of mathematics and two credits of

science in order to graduate. A pupil is also required to earn four credits of English, three credits of social studies, and 1.5 credits of physical education during the high school grades, and 0.5 credit of health education in grades seven to 12. In addition, the State Superintendent is required to encourage school boards to require an additional 8.5 credits from any combination of vocational education, foreign languages, fine arts, and other courses.

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

7. CONSOLIDATED DISTRICT BOARD MEMBERSHIP

Governor: Provide that a person elected to the school board of a newly consolidated school district, who also served as a member of the joint interim school board, may continue to serve as a board member for the consolidating district, until the effective date of the consolidation. The person must be otherwise qualified to serve on the consolidating board. Provide that this provision would first apply to a person elected to the school board of a consolidated school district on the effective date of the bill.

Under current law, the members of the school boards of consolidating districts serve as a joint interim school board of the new district, until a new board for the new district is elected. The provision clarifies that a member of one of the consolidating district boards, newly elected to the new board, may also continue to serve on the consolidating district's board, after the election of the new board members and until the effective date of the consolidation.

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

8. LRB BILL DRAFT ON MPS OPERATIONS

Governor: Require the Legislative Reference Bureau to prepare legislation, at the direction of the Secretary of the Department of Administration, for introduction during the 2009 legislative session by the Joint Committee on Finance, that addresses the findings of a review of the finances and operations of the Milwaukee Public Schools conducted at the request of the Governor and the Mayor of Milwaukee.

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

Choice and Charter

1. MILWAUKEE PARENTAL CHOICE PROGRAM REESTIMATE [LFB Paper 640]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$19,821,000	- \$5,992,000	\$13,829,000
MPS Aid			
Reduction	<u>8,919,500</u>	<u>- 2,696,400</u>	<u>6,223,100</u>
Net GPR	\$10,901,500	- \$3,295,600	\$7,605,900

Governor: Provide \$6,607,000 in 2009-10 and \$13,214,000 in 2010-11 over the base year funding of \$128,836,500 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 state GPR general school aids appropriation from the previous school year to the current school year. With the state GPR general school aid appropriation decreasing by 5.8% in 2009-10 and increasing by 1.7% in 2010-11, the maximum per pupil choice payment under bill would be \$6,607 in 2009-10 (which is unchanged from the 2008-09 payment) and \$6,719 in 2010-11. The administration estimates that program participation will increase from an estimated 19,500 pupils in 2008-09 to 20,500 students in 2009-10 and 21,500 students in 2010-11. Total program funding would increase to \$135,443,500 in 2009-10 and \$144,458,500 in 2010-11. The estimate for total funding for 2010-11 in the bill, however, does not account for the increase in the per pupil payment in that year. Under the bill, \$142,050,500 would be provided for the choice program in 2010-11.

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 general aid lost due to this reduction, less the amount of high poverty aid paid to MPS. Based on the funding in the bill, the MPS choice reduction would increase by \$2,973,200 in 2009-10 and \$5,946,300 in 2010-11 over the base choice reduction amount of \$57,976,400. Under the bill, the net general fund fiscal effect of this item would be increased expenditures of \$3,633,800 in 2009-10 and \$7,267,700 in 2010-11. (The increase in the per pupil payment in 2010-11 that is not accounted for in the bill would further increase the MPS aid reduction in that year by \$1,083,600 and increase the net general fund fiscal effect by \$1,324,400.)

Joint Finance/Legislature: Reestimate pupil participation in the choice program to be 20,500 pupils in 2010-11. In addition, specify that the adjustment in the maximum per pupil choice payment be calculated using the sum of the state general fund appropriation and federal appropriation for general school aids. As a result of these changes, delete \$5,992,000 in 2010-11

from the choice program appropriation. The MPS choice aid reduction would decrease by \$2,696,400, resulting in a net general fund decrease of \$3,295,600.

2. MILWAUKEE PARENTAL CHOICE PROGRAM PER PUPIL PAYMENT

GPR	- \$7,380,000
MPS Aid	
Reduction	- 3,321,100
Net GPR	- \$4,058,900

Joint Finance/Legislature: Set the maximum per pupil choice payment at \$6,442 in 2009-10 and 2010-11. This represents a 2.5% reduction from the maximum payment of \$6,607 in 2008-09. Beginning in 2011-12, resume the current law adjustment to the payment amount, based on the percentage increase in total funding for general school aids. Based on the reestimated pupil participation in the item above, delete \$3,382,500 in 2009-10 and \$3,997,500 in 2010-11 from the choice program appropriation. The MPS choice aid reduction would decrease by \$1,522,200 in 2009-10 and \$1,798,900 in 2010-11. This results in a net general fund decrease of \$1,860,300 in 2009-10 and \$2,198,600 in 2010-11.

[Act 28 Sections: 2273bd, 2285d thru 2285s, and 2291d]

3. MILWAUKEE PARENTAL CHOICE PROGRAM FUNDING SPLIT [LFB Paper 643]

GPR	\$0
MPS Aid	
Reduction	- 13,206,000
Net GPR	\$13,206,000

Joint Finance/Legislature: Modify the current law reduction to the general school aids for MPS equal to 45% of the estimated cost of the choice program to specify that the reduction be equal to the sum of: (a) 41.6% of the cost of the choice program in 2009-10 and 38.4% of the cost of the program in 2010-11 and each year thereafter; and (b) 3.4% of the cost of the program in 2009-10 and 6.6% of the cost of the program in the 2010-11 and each year thereafter. Require DPI to annually inform the MPS Board in writing of the result of the calculation under (b), and to annually pay the City of Milwaukee the amount under (b) from the general school aids appropriation using the same payment schedule as for equalization aids. Require the City use the amount under (b) to defray the choice program levy it raises on behalf of MPS. Specify that the moneys under (b) would be considered state aid for revenue limit purposes.

As a result of this change, and including the reestimated pupil participation and reduced payment in the items above, reduce the MPS choice aid reduction by \$4,490,000 in 2009-10 and \$8,716,000 in 2010-11. Net general fund expenditures would increase by an equivalent amount in each year.

[Act 28 Sections: 241d, 2295m, 2301g, 2301j, 2301x, and 2311d]

4. MILWAUKEE PARENTAL CHOICE PROGRAM AUDITOR AND FEES [LFB Paper 641]

	Funding	Positions
PR	\$164,200	1.00

Governor: Provide \$71,300 in 2009-10 and \$92,900 in 2010-

11 and 1.0 auditor position beginning in 2009-10 in a new appropriation funded from fees paid by schools intending to participate in the Milwaukee parental choice program.

Require a school to pay an annual, nonrefundable fee to DPI with its notice of intent to participate in the program, which under current law must be submitted to DPI by February 1 of the school year before a school participates in the program. Specify that failure by a school to submit the fee by that date would be included as a condition under which the State Superintendent could issue an order prohibiting a school from participating in the program in the current school year. Require DPI to set the fee at an amount no greater than the amount necessary to pay the costs of employing one full-time auditor to evaluate the financial information submitted by schools.

Create a continuing appropriation for all monies received from the fees, to be used by DPI to evaluate the financial information submitted to the Department by schools participating in the choice program. Require DPI to promulgate emergency rules, without the finding of an emergency, by the first day of the third month after the effective date of the bill to establish the fee to be paid by schools participating in the choice program. Specify that these rules would remain in effect until the effective date of the permanent rule promulgated to establish the fee, but not in excess of the period for which emergency rules can remain in effect (150 days, with up to 120 days of extensions.) For the 2009-10 school year, require schools participating in the program to pay the required fee within 30 days of the effective date of the emergency rules.

Joint Finance/Legislature: Modify provision to create a statutory requirement for DPI to set the fee in rule, and clarify that DPI set the fee at an amount such that the total fee revenue covers the costs of the auditor.

[Act 28 Sections: 239, 2278, 2291, and 9139(3)&(4)]

5. MILWAUKEE PARENTAL CHOICE PROGRAM -- ASSESSMENTS, PROMOTION, AND STANDARDS [LFB Paper 642]

Governor: Beginning in the 2010-11 school year, make the following changes related to pupils assessments and promotion and academic standards for schools participating in the Milwaukee parental choice program:

Pupil Assessments. Require choice schools to administer the 4th, 8th, and 10th grade knowledge and concepts examination (WKCE) adopted or approved by the State Superintendent to all pupils in those grades attending the school through the choice program. Require a choice school to excuse a pupil from taking the examinations if the pupil's parent or guardian requests it.

Require choice schools to administer all tests in reading, mathematics, and science that are required for public school pupils under the federal No Child Left Behind Act (NCLB) to all choice pupils in the relevant grades. NCLB currently requires that all students be tested in reading and math each year in 3rd through 8th grades and once in high school and in science once

each in elementary, middle, and high school.

Require choice schools to provide the scores on the above examinations to the School Choice Demonstration Project.

Require choice schools to administer the 3rd grade standardized reading test developed by the Department to all choice pupils in that grade. Specify that if a choice school fails to comply with this provision, the State Superintendent may issue an order barring the school from participating in the program in the current year.

Specify that a choice school must include special education pupils in these assessments and provide appropriate accommodations and alternate assessments where necessary and as indicated in a pupil's individualized education program. Specify that a choice school, in accordance with criteria established by the State Superintendent, may determine not to administer an examination to a limited-English speaking pupil, may permit the pupil to be examined in his or her native language, or may modify the format and administration of an examination for such pupils.

Under current law, each choice school must annually administer a nationally-normed, standardized test in reading, mathematics, and science to pupils attending the school under the choice program in the 4th, 8th, and 10th grades. Choice schools are also authorized to administer additional standardized tests to choice pupils. Annually from 2006 through 2011, choice schools are required to provide the scores of all standardized tests that it administers to the School Choice Demonstration Project (SCDP), a national collaboration of researchers, currently based at the University of Arkansas, designing school choice program evaluations. The Legislative Audit Bureau is required to review and analyze the standardized test score data received from the SCDP and report to the Legislature annually from 2007 to 2011.

Pupil Promotion. Require a choice school to adopt a written policy specifying criteria for promoting choice pupils from 4th to 5th grade and from 8th to 9th grade. Require that the criteria include: (a) the pupil's score on the 4th and 8th grade knowledge and concepts examination, unless the pupil has been excused from taking the examination; (b) the pupil's academic performance; (c) teacher recommendations, which must be based solely on the pupil's academic performance; and (d) any other academic criteria specified by the school. Beginning on September 1, 2010, prohibit a choice school from promoting a choice pupil from the 4th to 5th grade and 8th to 9th grade unless the pupil satisfies the criteria specified in the school's policy.

Require a choice school to develop a policy specifying the criteria for granting a high school diploma to a choice pupil. Require that the criteria include the pupil's academic performance and teacher recommendations. Beginning on September 1, 2010, prohibit a choice school from granting a high school diploma to any choice pupil unless the pupil has satisfied the criteria specified in the school's policy. Require a choice school to issue a diploma to a choice pupil who satisfactorily completes the course of instruction and any other requirements necessary for high school graduation. Specify that if a choice school violates this provision for issuing diplomas, the State Superintendent may issue an order barring the school from

participating in the program in the current year.

Require a certified public accountant conducting the independent financial audit for a choice school to include in the audit a report on the school's compliance with the requirement to issue high school diplomas to choice pupils who complete the necessary requirements. Specify that the accountant may determine compliance by examining an appropriate sample of pupil records.

Academic Standards. Require each choice school to adopt pupil academic standards in mathematics, science, reading and writing, geography, and history. Academic standards include content, performance, and proficiency standards that specify what students should know and be able to do, how students will demonstrate they are meeting a standard, and how well students must perform in a given subject area. Provide that a school may adopt the pupil academic standards issued by the Governor as Executive Order #326, dated January 13, 1998. (The bill would also clarify current law language to reflect that pupil academic standards were issued in that executive order.) Specify that if a choice school fails to comply with this provision, the State Superintendent may issue an order barring the school from participating in the program in the current year.

Joint Finance: Modify the bill to create a procedure under which choice schools could be required to administer the 4th, 8th, and 10th grade WKCE approved by the State Superintendent. Specify that, if the State Superintendent informs the Co-Chairs of the Joint Committee on Finance and the chairs of the appropriate standing committees in each house of the Legislature in writing before January 1, 2010, that a redesigned version of the WKCE will not be administered to pupils in public schools in the 2011-12 school year, then choice schools would not be required to administer the tests required under the Governor's recommendations to choice pupils beginning in the 2010-11 school year, and the current law testing requirement for choice schools would apply. If the State Superintendent does not make any such written indication, choice schools would be required to administer the tests required under the Governor's recommendations beginning in the 2010-11 school year.

Also, specify that a school's compliance with the requirement to issue high school diplomas to choice pupils who complete the necessary requirements would be reviewed by an accrediting agency, not by a certified public accountant. A school would be required to ensure that an agency reviews compliance, and if a school fails to comply with that provision, the State Superintendent may issue an order barring the school from participating in the program in the current year.

Conference Committee/Legislature: Clarify the Joint Finance provision regarding the transition to the WKCE. Specify that, if the State Superintendent provides written indication that the Department will adopt a substantially redesigned examination to replace the WKCE in the 2011-12 school year, then the current law testing requirement for choice schools would apply in 2010-11, and choice schools would be required to administer the redesigned examination beginning in 2011-12. Under this provision, if the State Superintendent makes no

written indication, choice schools would begin administering the WKCE in 2010-11.

[Act 28 Sections: 2265, 2266, 2267 thru 2269, 2271, 2272, 2273, 2289, 2290, 2290k, 2293, 2294, and 9339(4q)]

6. MILWAUKEE PARENTAL CHOICE PROGRAM -- SCHOOL ACCREDITATION [LFB Paper 642]

Governor: Beginning in the 2010-11 school year, require schools participating in the Milwaukee parental choice program to achieve accreditation from an authorized organization by August 1 of the school year in which it first participates in the program. Require schools participating in the program on the effective date of the bill to achieve accreditation by August 1, 2010, unless the private school was approved for scholarship funding for the 2005-06 school year by Partners Advancing Values in Education (PAVE).

Under current law, a choice school must achieve accreditation by December 31 of the third school year following the first school year that begins after June 30, 2006, in which it participates in the choice program. The statutorily-recognized accrediting agencies are the Wisconsin North Central Association, the Wisconsin Religious and Independent Schools Accreditation, the Independent Schools Association of the Central States, the Archdiocese of Milwaukee, the Institute for the Transformation of Learning at Marquette University, or any other organization recognized by the National Council for Private School Accreditation.

Joint Finance: Delete provision. Require a choice school that was not participating in the program on the effective date of the bill and is not accredited to obtain preaccreditation from the Institute for the Transformation of Learning (ITL) at Marquette University by August 1 before the first school term of participation in the program that begins after the effective date of the bill, or by May 1 if the school begins participating in the program during summer school. Specify that an accredited school would not be required to obtain preaccreditation as a prerequisite to providing instruction to additional grades or in an additional or new school.

Define preaccreditation to mean the review and approval of an educational plan. Specify that this review includes consideration of whether the school submitting the plan meets the statutory requirements of a private school. Specify that the fact that a school has obtained preaccreditation does not require an accreditation organization to accredit the private school. Specify that, if ITL determines during the preaccreditation process that a school does not meet the statutory requirements of a private school, ITL must report that information to DPI.

Delete ITL from the list of statutory accrediting agencies and specify that a school may not apply for accreditation from ITL after the effective date of the bill. Specify that any school that has applied for accreditation from ITL before the effective date of the bill may complete the process with ITL and may seek renewal of accreditation from ITL.

Assembly: Modify the preaccreditation requirement under Joint Finance to specify that it apply to a first-time participant in the choice program on the effective date of the bill, rather

than to a school that was not participating in the program on the effective date of the bill.

Senate: Delete Assembly provision.

Conference Committee/Legislature: Include Assembly provision.

[Act 28 Sections: 2276y, 2280b thru 2280d, and 2290j]

7. MILWAUKEE PARENTAL CHOICE PROGRAM -- STAFF CREDENTIALS [LFB Paper 642]

Governor: Require that, beginning in the 2010-11 school year, all teachers and administrators in a school participating in the Milwaukee parental choice program have at least a bachelor's degree from an accredited institution of higher education. Specify that if a choice school fails to comply with this provision, the State Superintendent may issue an order barring the school from participating in the program in the current year. Under current law, all teachers in a choice school are required to have graduated from high school or been granted a declaration of equivalency of high school graduation.

Joint Finance/Legislature: Delete provision and, instead, require that beginning in the 2010-11 school year, all teachers and administrators in a choice school, with certain exceptions listed below, have a bachelor's degree from an accredited institution of higher education.

Specify that if a teacher employed in a choice school on July 1, 2010, has been teaching for at least the five consecutive years prior to July 1, 2010, the teacher could apply to DPI for a temporary, nonrenewable waiver from the bachelor's degree requirement. On the waiver application, require the teacher to submit a plan indicating the name of the accredited institution of higher education at which the teacher will pursue a bachelor's degree and the anticipated date on which the teacher expects to complete the degree. Specify that no waiver would be valid after July 31, 2015. Allow DPI to promulgate emergency rules, without the finding of an emergency to implement this provision, including any additional information to be included on the waiver application and the process by which the waiver application will be judged. Require DPI to submit the proposed rules to the Legislative Council staff by the first day of the fourth month beginning after the effective date of the bill.

Require choice schools to ensure that any teacher's aide employed by the school has graduated from high school, been granted a declaration of equivalency of high school graduation, or been issued a general education development certificate of high school equivalency, beginning with the 2010-11 school year. Specify that if a choice school fails to comply with this provision, the State Superintendent may issue an order barring the school from participating in the program in the current year.

Specify that neither a teacher in a choice school who teaches only courses in rabbinical studies, nor an administrator of a choice school that prepares and trains pupils in rabbinical studies, would be required to have a bachelor's degree.

Modify the bill to define administrator to mean the superintendent, supervising principal, executive director, or other person who acts as the administrative head of a choice school.

[Act 28 Sections: 2276v, 2276w, 2279, 2279d, 2285b, 2289, 2293, 9139(4r), and 9339(4q),(5)&(5u)]

8. MILWAUKEE PARENTAL CHOICE PROGRAM -- HOURS OF PUPIL INSTRUCTION
[LFB Paper 642]

Governor/Legislature: Beginning in the 2010-11 school year, require a school participating in the Milwaukee parental choice program to annually provide at least 1,050 hours of direct pupil instruction in grades 1 to 6 and at least 1,137 hours of direct pupil instruction in grades 7 to 12. Specify that the hours provided include recess and time for pupils to transfer between classes but exclude the lunch period. These requirements currently apply to public school districts. Under current law, private schools (including choice schools) are required to provide at least 875 hours of instruction each school year for each grade.

[Act 28 Sections: 2281 and 9339(4q)]

9. MILWAUKEE PARENTAL CHOICE PROGRAM -- PROVISION OF INFORMATION
[LFB Paper 642]

Governor: Beginning in the 2010-11 school year, require each private school participating in the Milwaukee parental choice program to provide to each person who applies to attend the school all of the following information:

- a. a list of the names, addresses, and telephone numbers of the members of the school's governing body and of the school's shareholders, if any;
- b. a notice stating whether the school is an organization operated for profit or not for profit, and, if the school is a nonprofit organization, a copy of the certificate issued under section 501(c)(3) of the Internal Revenue Code verifying the school's status;
- c. a copy of the appeals process used if the school rejects the applicant;
- d. a statement that the school agrees to permit public inspection and copying of any record of the school to the same extent as required of, and subject to the same terms and enforcement provisions that apply to, an authority under state public records and property law;
- e. a statement that the school agrees to provide public access to meetings of the governing body of the school to the same extent as is required of, and subject to the same terms and enforcement provisions that apply to, a governmental body under state open meetings law;
- f. a copy of the policy developed by the school specifying the criteria for granting a high school diploma (as required under the bill);

g. a copy of the non-harassment policy used by the school and the procedures for reporting and obtaining relief from harassment;

h. a copy of the suspension and expulsion policies and procedures used by the school and the procedures for appealing a suspension or expulsion; and

i. a copy of the policy used by the school for accepting or denying the transfer of credits earned by a choice pupil for the satisfactory completion of coursework at another school.

Further, upon request by any person, require a choice school to provide the material specified above and any of the following information, beginning in the 2010-11 school year:

a. the number of pupils enrolled in the school through the choice program in the previous school year;

b. the number of pupils enrolled in the school but not participating in the choice program in the previous school year;

c. for each school year in which the school has participated in the choice program, all of the following information:

(1) the number of pupils who were enrolled in the school under the choice program and not under the choice program in the 4th grade and the number of those pupils who advanced from 4th to 5th grade.

(2) the number of pupils who were enrolled in the school under the choice program and not under the choice program in the 8th grade and the number of those pupils who advanced from 8th to 9th grade.

(3) the number of pupils who were enrolled in the school under the choice program and not under the choice program in the 12th grade and the number of those pupils who graduated from the school;

d. a copy of the academic standards adopted by the school (as required under the bill); and

e. pupil scores on required standardized tests administered in the previous school year, to the extent permitted under the federal Family Educational Rights and Privacy Act.

Specify that if a choice school fails to provide any of the information, the State Superintendent may issue an order barring the school from participating in the program in the current year.

Joint Finance/Legislature: Modify the bill provision requiring choice schools to provide certain information to each person who applies to attend the school to instead specify that the information be provided to each pupil, or the parent or guardian of each minor pupil, who applies to attend the school.

Delete the following items from that list: (1) a list of the names, addresses, and telephone numbers of the members of the school's governing body and of the school's shareholders, if any; (2) a statement that the school agrees to permit public inspection and copying of any record of the school to the same extent as required of, and subject to the same terms and enforcement provisions that apply to, an authority under state public records and property law; and (3) a statement that the school agrees to provide public access to meetings of the governing body of the school to the same extent as is required of, and subject to the same terms and enforcement provisions that apply to, a governmental body under state open meetings law.

Add the following items to that list: (1) the name, address, and telephone number of the school and the name of one or more contact persons at the school; (2) a list of the names of the members of the school's governing body and of the school's shareholders, if any; and (3) a copy of the written policy developed by the school governing visitors and visits to the school. Under Joint Finance, choice schools would be required to develop such a policy, and if a school fails to do so, the State Superintendent may issue an order barring the school from participating in the program in the current year.

Require choice schools to provide to DPI a signed statement from each individual who is a member of the school's governing body verifying that fact.

Modify the bill provision requiring choice schools to provide certain information to any person upon request to instead specify that the information on pupil attendance be provided upon request by any pupil, or by the parent or guardian of a minor pupil who is attending or who applies to attend the school. Specify that the information on pupil testing and promotion be provided for only the five previous years that the school participated in the program, rather than all years of participation, as under the bill.

Require choice schools to submit all of the information under the modified bill provisions to DPI by August 1 of each year.

[Act 28 Sections: 2271, 2286, 2289, 2292, 2293, and 9339(4q)]

10. MILWAUKEE PARENTAL CHOICE PROGRAM -- PUPIL RECORDS

Governor: Require schools participating in the Milwaukee parental choice program to maintain progress records for each pupil attending the school under the choice program while the pupil attends the school and for at least five years after the pupil ceases to attend the school. Require a certified public accountant conducting the independent financial audit for a choice school to include in the audit a report on the school's compliance with this requirement. Specify that the accountant may determine compliance by examining an appropriate sample of pupil records.

Specify that if a choice school ceases operating, it must immediately transfer all of the progress records of choice pupils to the Milwaukee Public Schools. Require choice schools to provide a choice pupil or the parent or guardian of a choice pupil with a copy of the pupil's

progress records upon request.

Specify that if a choice school fails to comply with these provisions regarding progress records, the State Superintendent may issue an order barring the school from participating in the program in the current year.

Require a choice school to transfer to another school or school district within five days all pupil records for a specific pupil if the choice school receives written notice that the pupil intends to enroll or has enrolled in another school or school district. Specify that if a choice school violates this provision, the State Superintendent may withhold payments from the school.

These provisions would first apply in the 2010-11 school year.

Joint Finance/Legislature: Create a second option for the transfer of progress records for a choice school that ceases operation. Specify that if the school is affiliated with an organization that will maintain the progress records of each choice pupil who attended the school for at least five years after the school ceases operation, the school may transfer a pupil's records to the organization if the pupil or the parent or guardian of a minor pupil consents in writing to the release of the progress records to the affiliated organization. Require the school to send a signed written notice from each pupil or the parent or guardian of each minor pupil who consents to the transfer of progress records under this provision to DPI. Require the written notice to include the name, phone number, mailing address, and other relevant contact information of the organization that will maintain the progress records, and a declaration by the affiliated organization that the organization agrees to maintain the progress records for at least five years after the school ceases operation.

Delete the bill provision specifying that the penalty of for a choice school for violating the bill requirement for transfer of records within five working days for a pupil transferring to another school or school districts be the withholding of payments.

Also, specify that a school's compliance with the requirement to maintain progress records would be reviewed by an accrediting agency, not by a certified public accountant. The penalty provision relating to barring the school from participating in the current year would remain unchanged.

[Act 28 Sections: 2259, 2277, 2289, 2290k, 2293, 2294, 3335, and 9339(4q)]

11. MILWAUKEE PARENTAL CHOICE PROGRAM -- PUPIL PARTICIPATION IN RELIGIOUS ACTIVITIES

Governor/Legislature: Beginning in the 2010-11 school year, specify that if a choice school fails to comply with the current law provision regarding pupil participation in religious activities, the State Superintendent may issue an order barring the school from participating in the program in the current year. Under current law, a choice school cannot require a pupil to

participate in any religious activity in the school if the pupil's parent or guardian submits a written request to the pupil's teacher or the school's principal that the pupil be exempt from such activities.

[Act 28 Sections: 2293 and 9339(4q)]

12. MILWAUKEE PARENTAL CHOICE PROGRAM -- PRIORITY UNDER ENROLLMENT LIMIT

Governor: Establish a priority order for schools participating in the Milwaukee parental choice program for accepting new pupils under the program if total program participation has reached the enrollment limit and then fallen below the limit. Specify that: (a) first priority be given to pupils attending a choice school under the program; (b) second priority be given to the siblings of choice pupils; and (c) third priority be given to pupils selected at random under a procedure established by the Department by administrative rule. These provisions would first apply beginning in the 2010-11 school year,

Under current law, no more than 22,500 full-time equivalent pupils may attend schools through the choice program. Whenever the State Superintendent determines that the limit has been reached, he or she must issue an order prohibiting the participating choice schools from accepting additional pupils until he or she determines that the number of pupils attending choice schools has fallen below the limit.

Joint Finance/Legislature: Modify the bill to require the State Superintendent to issue an order notifying participating schools that they may begin accepting additional pupils if the total choice enrollment falls below the limit. Specify that the priority list under the bill would take precedence over the current law provision requiring the State Superintendent to ensure that choice schools accept pupils on a random basis. Provide that a choice school may reject an applicant only if it has reached its maximum general capacity or seating capacity. Require the school to notify the applicant in writing and that the notice must include the reason why it cannot admit the applicant.

[Act 28 Sections: 2282 thru 2285, 2285c, and 9339(4q)]

13. MILWAUKEE PARENTAL CHOICE PROGRAM -- REQUIRED MEETINGS

Joint Finance/Legislature: Beginning in the 2010-11 school year, require a choice school to annually schedule two meetings at which members of the governing body of the school will be present and at which pupils and the parents or guardians of pupils applying to attend the school or attending the school may meet and communicate with the members of the governing body. Require a school, within 30 days after the start of the school term, to notify DPI in writing of the scheduled meeting dates and, at least 30 days before the scheduled meeting date, notify in writing each pupil or the parent or guardian of each minor pupil applying to attend the school or attending the school of the meeting date, time, and place. Specify that if a choice

school fails to comply with these provisions, the State Superintendent may issue an order barring the school from participating in the program in the current year.

[Act 28 Sections: 2289, 2293, and 9339(4q)]

14. MILWAUKEE PARENTAL CHOICE PROGRAM -- REQUIRED BILINGUAL EDUCATION PROGRAM

Joint Finance: Require a choice school with an enrollment of more than 10% limited-English proficient (LEP) pupils to have a bilingual-bicultural education program, beginning in the 2010-11 school year.

Assembly: Delete Joint Finance provision. Instead, require that, beginning in 2011-12, a choice school must conduct a count of the LEP pupils attending the school under the choice program, assess the language proficiency of such pupils, and classify such pupils by language group, grade level, age, and English language proficiency. Require that the school must establish a bilingual-bicultural education program if, after conducting the count, the school finds that one of the following requirements is satisfied: (a) there are 10 or more LEP pupils in a language group enrolled in grades kindergarten through grade three whose parents give written consent to such pupils' placement in a bilingual program; (b) there are 20 or more LEP pupils in a language group enrolled in grades four to eight whose parents give written consent to such pupils' placement in a bilingual program; or (c) there are 20 or more LEP pupils in a language group enrolled in grades nine to 12 whose parents give written consent to such pupils' placement in a bilingual program. These requirements are similar to those that apply under current law to public schools.

In each case, require that the program would be taught by a bilingual teacher. In the high school grades, bilingual counselors would have to be made available as well. Require that a choice school must obtain written consent from the parent or guardian of each LEP pupil before placing the pupil in a bilingual-bicultural education program. Provide that pupil would be eligible for a bilingual-bicultural education program only until the pupil is able to perform ordinary classwork in English, and that such a program must be designed to provide intensive instruction to meet this objective. Specify that these provisions should not be construed to authorize isolation of pupils of limited-English proficient ability or ethnic background for a substantial portion of the school day. Specify that non-LEP pupils may participate in a bilingual-bicultural education program, except that a choice school must give preference to LEP pupils in admitting pupils to such a program.

Under current law, a bilingual-bicultural education program is defined as a program designed to improve the comprehension and the speaking, reading, and writing ability of a limited-English proficient pupil in the English language, so that the pupil will be able to perform ordinary classwork in English.

Senate/Legislature: Delete provision.

15. MILWAUKEE PARENTAL CHOICE PROGRAM PAYMENTS TO SCHOOLS BARRED FROM THE PROGRAM

Joint Finance/Legislature: Modify the payment provisions for a choice school that the State Superintendent removes from the program during a school year. Specify that, notwithstanding the statutory payment schedule, the amount paid to the parent or guardian of a pupil who attended the school for that year would be equal to the number of instructional hours provided to the pupil in that school year prior to the issuance of the removal order divided by the number of instructional hours scheduled for the grade the pupil was attending in that year, times the payment amount per pupil for that year, less any amount previously paid to the parent or guardian for that pupil in that year.

Specify that this provision would not apply if a school was removed from the program as a result of committing an act of fraud. Specify that if a school is paid under this provision, the school must first reimburse any money owed by the school to a state entity, and then must then pay any teachers' salaries that have not been paid by the school. Specify that this provision would be effective retroactive to July 1, 2006.

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

[Act 28 Vetoed Sections: 244s, 2295g, 2295h, and 9439(3c)]

16. MPS PAYMENT FOR PUPILS FROM CLOSED CHOICE SCHOOLS

Joint Finance/Legislature: Specify that if a choice school closes after the third Friday in September in a given school year, MPS would receive the state's share of any choice payments for that school year that have not yet been paid to the choice school on behalf of that pupil if the pupil enrolls in MPS in that year. The payment would equal the choice per pupil amount (a maximum of \$6,442 in 2009-10 and 2010-11) times the state's share of that payment (58.4% in 2009-10 and 61.6% in 2010-11 and thereafter) times 25% for each of the remaining installment payments for that pupil. Create a sum sufficient appropriation from the general fund for this purpose.

[Act 28 Sections: 244t, 2285s, and 2285x]

17. MILWAUKEE PARENTAL CHOICE PROGRAM ENROLLMENT LIMIT

Assembly: Specify that the enrollment limit for the choice program be set at 21,500 full-time equivalent pupils in the 2009-10 and 2010-11 school years, rather than 22,500 as under Joint Finance. Specify that the limit would be set at 22,500 pupils (the current law limit) beginning in the 2011-12 school year.

Senate/Legislature: Delete provision.

18. MILWAUKEE AND RACINE CHARTER SCHOOL PROGRAM
[LFB Paper 644]

GPR	\$6,620,000
Statewide Aid Reduction	<u>6,620,000</u>
Net GPR	\$0

Governor: Delete -\$577,500 in 2009-10 and provide \$7,197,500 in 2010-11 over base level funding of \$48,927,500 as a reestimate of 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 16 charter schools participating in the program, including one in RUSD. A total of 5,300 students attend these schools in 2008-09, and the aid per pupil is \$7,775.

Under current law, the per pupil payment for the Milwaukee and Racine charter schools program is increased by the amount of increase in the per pupil payment amount for private schools participating in the Milwaukee parental choice program. The choice payment is increased by the percentage increase in the general equalization aids appropriation. Based on the Governor's recommendations for general equalization aid, the choice and charter per pupil payments would not increase in 2009-10 and would increase by \$112 in 2010-11.

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. For 2008-09, it is estimated that RUSD will receive \$1,700,000 under this provision.

This recommendation assumes that 6,000 pupils will be enrolled in the program in 2009-10 and 7,000 pupils in 2010-11, and the RUSD payment will be \$1,700,000 annually. The per pupil charter payment would be \$7,775 in 2009-10 and \$7,887 in 2010-11. Total program funding for charter schools would decrease to \$48,350,000 in 2009-10 and increase to \$56,909,000 in 2010-11. The estimate for total funding for 2010-11 in the bill, however, does not account for the increase in the per pupil payment in that year. Under the bill, \$56,125,000 would be provided for charter schools in 2010-11.

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.

Joint Finance/Legislature: Under the Joint Finance recommendations for general school aids, the charter school pupil payment amount would remain at \$7,775 in each year of the 2009-11 biennium, and no funding reestimate is necessary.

19. PER PUPIL PAYMENT FOR INDEPENDENT CHARTER SCHOOLS

Conference Committee/Legislature: Provide that independent Milwaukee and Racine charter schools, beginning with the 2011-12 school year, would receive a per pupil payment equal to the prior year's payment plus the per pupil adjustment allowable under revenue limits in the current year.

Provide that the proportional reduction in general school aids for all school districts related to the independent charter school program would be capped at the amount of the reduction taken in 2010-11. Beginning in 2011-12 and in future years, expenditures for the program above the 2010-11 reduction amount would be funded from the general fund.

Require that, when establishing an independent charter school, the authorizer consider the principles and standards for quality charter school authorizing established by the National Association of Charter School Authorizers.

[Act 28 Sections: 2273bd, 2273be, 2273bf, and 2300m]

20. CHARTER SCHOOL ESTABLISHED BY AN AMERICAN INDIAN TRIBE

Joint Finance/Legislature: Permit a school board to enter into an agreement with a federally recognized American Indian tribe or band to establish a charter school. Provide that the school must be located within the school district or within the boundaries of the tribe's or band's reservation. The school board that establishes the charter school would be responsible for determining whether the charter school is an instrumentality of the district, for administering the statewide pupil assessments to pupils enrolled in the charter school, for specifying criteria for grade promotion and high school graduation for pupils enrolled in the charter school, for distributing copies of the current school performance report to parents or guardians if requested, and for ensuring that all instructional staff of the charter school hold a license or permit to teach issued by DPI.

[Act 28 Sections: 2256g, 2256r, 2266d, 2266h, 2266p, 2269f, 2270m, 2272e thru 2272s, 2273d, 2273h, 2273p, 2273t, 2298g, and 2298i]

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget by \$902,500 FED and \$495,900 PR annually for: (a) turnover reduction (-\$416,900 GPR and -\$413,200 FED annually); (b) removal of

	Funding	Positions
FED	\$1,805,000	- 2.00
PR	<u>991,800</u>	<u>0.00</u>
Total	\$2,796,800	- 2.00

noncontinuing items in the base (-\$512,500 GPR annually and -2.00 FED positions); (c) full funding of continuing salaries and fringe benefits (\$466,900 GPR, \$1,263,700 FED, and \$481,600 PR annually); (d) overtime (\$282,000 GPR, \$51,600 FED, and \$14,100 PR annually); (e) night and weekend differential (\$57,000 GPR, \$400 FED, and \$200 PR annually); and (f) full funding of lease and directed moves costs (\$123,500 GPR annually).

2. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

GPR	- \$621,200
FED	- 763,200
PR	- 204,600
Total	- \$1,589,000

Joint Finance/Legislature: Delete \$794,500 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$310,600 GPR, \$381,600 FED, and \$102,300 PR.

3. STATE EMPLOYEE FURLOUGH

GPR	- \$723,600
FED	- 1,090,600
PR	- 313,000
Total	- \$2,127,200

Joint Finance/Legislature: Delete \$1,063,600 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$361,800 GPR, \$545,300 FED, and \$156,500 PR.

4. ACROSS-THE-BOARD 1% REDUCTIONS [LFB Paper 174]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$544,200	\$0	- \$544,200
PR	- 766,200	41,000	- 725,200
Total	- \$1,310,400	\$41,000	- \$1,269,400

Governor: Delete \$272,100 GPR and \$383,100 PR annually as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions by appropriation are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$12,054,200	-\$120,500
GPR	Residential schools for deaf and blind	11,964,000	-119,600*
GPR	Residential schools--energy costs	613,600	-6,100*
GPR	Elks and Easter Seals respite center	87,500	-900
GPR	Milwaukee public museum	50,000	-500
GPR	Very special arts	75,000	-800
GPR	Special Olympics	75,000	-800
GPR	Precollege scholarships	2,286,400	-22,900
PR	Residential schools--nonresident fees	50,000	-500
PR	Residential schools--leasing of space	18,300	-200
PR	Residential schools--services	70,000	-700
PR	Residential schools--pupils transportation	1,028,500	-10,300*
PR	Personnel licensure	3,322,300	-33,200*
PR	GED and HSED	111,800	-1,100
PR	Services for drivers	268,400	-2,700*
PR	Publications	255,400	-2,700*
PR	Library products and services	250,000	-2,600
PR	School lunch handling charges	14,995,900	-150,000
PR	Professional services center charges	175,000	-1,800
PR	Gifts, grants, and trust funds	2,050,000	-20,500
PR	Alcohol and other drug abuse--state operations	656,000	-6,600*
PR	Funds transferred from other state agencies-- program operations	2,351,600	-23,500*
PR	State agency library processing center	41,000	-400*
PR	Data processing	3,108,300	-31,100*
PR	Funds transferred from other state agencies--local aids	9,519,100	-95,200

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Restore the \$20,500 annual across-the-board 1% reduction in the gifts, grants, and trust funds appropriation under DPI.

5. ADDITIONAL 5% REDUCTIONS [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$257,600	\$257,600	\$0

Governor: Delete \$128,800 annually as part of additional 5% reductions in certain GPR appropriations for aids to individuals and organizations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Elks and Easter Seals respite center	\$87,500	-\$4,400
GPR	Milwaukee Public Museum	50,000	-2,500
GPR	Very special arts	75,000	-3,800
GPR	Special Olympics	75,000	-3,800
GPR	Precollege scholarships	<u>2,286,400</u>	<u>-114,300</u>
	Total	\$2,573,900	-\$128,800

Joint Finance/Legislature: Delete provision.

6. ADDITIONAL 5.135% BUDGET REDUCTIONS

GPR	-\$1,852,800
PR	- 747,000
SEG	<u>- 1,951,400</u>
Total	<u>-\$4,551,200</u>

Joint Finance/Legislature: Delete \$2,275,600 (all funds) annually relating to increased agency across-the-board reductions. The reductions are equivalent to 5.135% of base level funding. The reductions include \$926,400 GPR, \$373,500 PR, and \$975,700 SEG. Annual reductions amount would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$12,054,200	-\$619,000
GPR	Pupil assessment	3,110,700	-159,700
PR	Student activity therapy	1,000	-100
PR	Personnel licensure, teacher supply, info. and analysis and teacher improv.	3,322,300	-170,600
PR	General educational development and high school graduation equivalency	111,800	-5,700
PR	Publications	255,400	-13,100
PR	Library products and services	250,000	-12,800
PR	Professional services center charges	175,000	-9,000
PR	School district boundary appeal proceedings	10,500	-500
PR	State agency library processing center	41,000	-2,100
PR	Data processing	3,108,300	-159,600
GPR	Adult literacy grants	50,000	-2,600
GPR	Elks and Easter Seals center for respite and recreation	87,500	-4,500
GPR	Grant to project lead the way	250,000	-12,800
GPR	Milwaukee public museum	50,000	-2,600
GPR	Very special arts	75,000	-3,900
GPR	Special olympics	75,000	-3,900
GPR	Precollege scholarships	2,286,400	-117,400
SEG	Periodical and reference information databases; newslines for the blind	2,219,000	-113,900
SEG	Supplemental aid to public library systems	16,783,500	-861,800

7. REDUCTION TO AGENCY OPERATIONS [LFB Papers 175 and 655]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$2,410,800	\$1,205,400	-\$1,205,400

Governor: Delete \$1,205,400 annually for the agency's largest general program operations appropriation, for a 10% annual reduction to the adjusted base level funding of \$12,054,200. After consideration of standard budget adjustments, the 1% across-the-board reductions, and this item, the net reduction to this appropriation would be -8.6% annually.

Joint Finance/Legislature: Provide \$602,700 annually for the agency's largest general program operations appropriations appropriation, which restores 5% of the adjusted base for this appropriation. (This appropriation is also subject to a 5.135% across-the-board reduction.)

8. PUPIL ASSESSMENT [LFB Paper 656 and 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$4,626,800	-\$4,315,800	\$311,000

Governor: Provide \$2,313,400 annually above base level funding of \$3,110,700 for pupil assessments to contract for and administer the Wisconsin knowledge and concepts examinations in grades three, four, eight, and 10, including a newly developed standardized alternate assessment for students with severe disabilities, which is required under the federal No Child Left Behind law. Funding provided is net of a \$155,500 annual reduction, equivalent to a 5% cut to base level funding.

Joint Finance/Legislature: Transfer \$2,313,400 annually to the Joint Finance Committee's appropriation. DPI may request the release of these funds under s. 13.10 of the statutes. Provide \$155,500 annually to restore a 5% cut to the adjusted base level funding for the pupil assessment appropriation. (This appropriation is also subject to a 5.135% across-the-board reduction.)

9. FEDERAL ECONOMIC STIMULUS APPROPRIATION

FED	\$371,300,000
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Governor: Provide \$177,200,000 in 2009-10 and \$194,100,000 in 2010-11 in a newly created, continuing appropriation for federal aid--economic stimulus funds. Provide that DPI would be appropriated all federal moneys received, as authorized by the Governor, as economic stimulus funds pursuant to federal legislation enacted during the 111th Congress, other than allocations from the state fiscal stabilization fund that are distributed to school districts either as general equalization aid or as subgrants based on the school districts' relative shares of funding under Title I - Part A of the Elementary and Secondary Education Act. Aid under this new appropriation would be expended for the purposes for which received. Provide

that these changes would take effect on the day after publication of the act.

Joint Finance/Legislature: Modify the provision to delete references to Title I - Part A.

[Act 28 Sections: 247, 248, and 9439(1)]

10. FEDERAL REVENUE REESTIMATES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$131,830,200	\$9,170,000	\$141,000,200

Governor: Reestimate federal revenues by \$66,255,900 in 2009-10 and \$65,574,300 in 2010-11, including: (a) federal aids -- program operations (\$1,286,900 in 2009-10 and \$613,400 in 2010-11); (b) indirect cost reimbursements (\$145,500 in 2009-10 and \$137,400 in 2010-11); (c) federal aids -- local aid (\$58,245,600 annually); (d) federal funds -- local assistance (-\$134,800 annually); and (e) federal funds -- individuals and organizations (\$6,712,700 annually). Federal aids are received under such programs as Title I of the Elementary and Secondary Education Act and the Individuals with Disabilities Education Act.

Joint Finance/Legislature: Provide \$9,170,000 in 2009-10 of federal stimulus funding for local assistance for school districts for education technology.

11. PUBLIC LIBRARY SYSTEM AID [LFB Paper 657]

GPR	- \$22,594,800
SEG	23,598,000
Total	\$1,003,200

Governor/Legislature: Delete \$11,297,400 GPR annually and provide \$11,541,100 SEG in 2009-10 and \$12,056,900 SEG in 2010-11 for aid to public library systems. Also, repeal the GPR appropriation for library aids. Base level funding is \$11,297,400 GPR and \$5,486,100 SEG, for a total of \$16,783,500 all funds. The recommendation would result in library funding of \$17,027,200 SEG in 2009-10 and \$17,543,000 SEG in 2010-11, or net increases of \$243,700 in 2009-10 and \$759,500 in 2010-11. These funding levels would represent annual increases of 1.5% in 2009-10 and 3.0% in 2010-11.

Provide that, for the 2009-10 fiscal year, library aids will be calculated based on the percentage change in the total amount appropriated in both the GPR and SEG appropriations in 2008-09 and the amount appropriated in the SEG appropriation in 2009-10. Under current law, aid is calculated based on the percentage change in the GPR appropriation for public library aids between the prior fiscal year and current fiscal year.

The segregated funding is provided from the state universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers. Telecommunications providers are allowed to fully recover their share of assessment costs for these expenditures through a "pass-through" adjustment applied only to subscribers' local exchange service rates. (This appropriation is also subject to a 5.135%

across-the-board reduction.)

[Act 28 Sections: 251, 253, and 818 thru 822]

12. LIBRARY SERVICE CONTRACTS [LFB Paper 657]

GPR	- \$2,194,400
SEG	<u>2,304,100</u>
Total	\$109,700

Governor/Legislature: Delete \$1,097,200 GPR annually and provide \$1,134,300 SEG in 2009-10 and \$1,169,800 SEG in 2010-11 in a newly created appropriation for contracts with four providers of specialized statewide library services and resources. The recommendation would provide net increases of \$37,100 in 2009-10 and \$72,600 in 2010-11, to partially fund estimated costs to continue current services. These funding amounts would represent annual increases of 3.4% in 2009-10 and 3.1% in 2010-11. Provide that these library service contracts be added to the statutorily enumerated permissible uses for universal service fund revenues.

Contracts are currently maintained with the Milwaukee Public Library, Wisconsin Library Services, the Wisconsin Regional Library for the Blind and Physically Handicapped, and the Cooperative Children's Book Center. The segregated funding is provided from the state universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers. Telecommunications providers are allowed to fully recover their share of assessment costs for these expenditures through a "pass-through" adjustment applied only to subscribers' local exchange service rates.

[Act 28 Sections: 252, 2461, and 2463]

13. BADGERLINK

SEG	\$682,200
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Governor/Legislature: Provide \$235,900 in 2009-10 and \$446,300 in 2010-11 above base level funding of \$2,111,000 for full-text data base services for libraries. The administration indicates that is funding would continue the current level of services. Funding for the program is provided through the segregated universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers. (This appropriation is also affected by a 1% across-the-board reduction.) Telecommunications providers are allowed to fully recover their share of assessment costs for these expenditures through a "pass-through" adjustment applied only to subscribers' local exchange service rates. (This appropriation is also subject to a 5.135% across-the-board reduction.)

14. NEWSLINE FOR THE BLIND

SEG	\$12,500
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Governor/Legislature: Provide \$3,900 in 2009-10 and \$8,600 in 2010-11 above base level funding \$108,000 for the Newsline for the Blind services provided by the Regional Library for the Blind and Physically Handicapped. 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. 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. Telecommunications providers are allowed to fully recover their share of assessment costs for these expenditures through a "pass-through" adjustment applied only to subscribers' local exchange service rates. (This appropriation is also subject to a 5.135% across-the-board reduction.)

15. NATIONAL TEACHER AND MASTER EDUCATOR CERTIFICATION [LFB Paper 658]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,153,200	-\$490,300	\$662,900

Governor: Provide \$417,900 in 2009-10 and \$735,300 in 2010-11 over annual base level funding of \$1,653,800 as a reestimate of payments to teachers who are certified by the National Board of Professional Teaching Standards or certified as a master educator under the state assessment process. DPI provides initial grants in an amount equal to the costs of obtaining certification, up to \$2,000. For nine consecutive years following the initial grant, DPI award s grants of \$2,500 to qualifying teachers. In addition, higher grant awards, \$5,000 rather than \$2,500, are provided to continuing nationally certified or master educators working in schools with at least 60% pupil eligibility for free and reduced-price lunch.

For the purposes of this recommendation, it is estimated that 102 educators in 2009-10 and 110 educators in 2010-11 would be newly certified under the two programs, receiving initial average grants of \$2,000 (\$204,000 in 2009-10 and \$220,000 in 2010-11). It is estimated that there will be 566 continuing educators in 2009-10, and 658 in 2010-11 (\$1,415,000 in 2009-10 \$1,645,000 in 2010-11). In addition, it is assumed 64 educators in 2009-10 and 74 in 2010-11 will qualify for higher grants by teaching in high poverty schools (\$320,000 in 2009-10 and \$370,000 in 2010-11). Finally, the IRS and State Controller's office require DPI to pay Medicare and Social Security taxes on behalf of continuing teachers under the program (\$132,700 in 2009-10 and \$154,100 in 2010-11).

Joint Finance/Legislature: Reduce funding by -\$200,800 in 2009-10 and -\$289,500 in 2010-11 as a reestimate of the costs of the program.

16. PROJECT LEAD THE WAY

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$470,000	\$25,000	\$495,000

Governor: Provide \$235,000 annually for a grant to Project Lead the Way to provide discounted professional development services and software for participating high schools in this state. Specify that no moneys could be encumbered from this appropriation after June 30,

2011. Similar funding (\$250,000 annually) was provided in the 2007-09 biennium, with a June 30, 2009 sunset date.

Joint Finance/Legislature: Provide \$12,500 annually to restore a 5% annual reduction. (This appropriation is also subject to a 5.135% across-the-board reduction.)

[Act 28 Section: 250]

17. FUEL AND UTILITY REESTIMATE

GPR	\$191,000
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Governor/Legislature: Provide \$82,400 in 2009-10 and \$108,600 in 2010-11 to reflect estimated costs for fuel and utilities for the state residential schools. Base level funding is \$613,600. (This appropriation is also affected by a 1% across-the-board reduction.)

18. DEBT SERVICE REESTIMATE

GPR	-\$135,900
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Governor/Legislature: Provide \$33,200 in 2009-10 and delete -\$169,100 in 2010-11 as a reestimate of debt service payments. Base level funding is \$1,043,000.

19. YOUTH SAFETY GRANT

Senate: Provide \$55,000 annually to DPI for a grant to a non-profit organization to do the following: (a) prevent and reduce the incidence of youth violence and other delinquent behavior; (b) prevent and reduce the incidence of youth alcohol and other drug use and abuse; (c) prevent and reduce the incidence of child abuse and neglect; (d) prevent and reduce the incidence of nonmarital pregnancy and increase the use of abstinence as a method of preventing nonmarital pregnancy; and (e) increase adolescent self-sufficiency by encouraging high school graduation, vocational preparedness, improved social and other interpersonal skills and responsible decision making.

Conference Committee/Legislature: Delete provision.

20. ADULT LITERACY GRANTS [LFB Paper 659]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$38,800	\$5,000	\$43,800

Governor: Provide \$19,400 annually above base level funding of \$50,000 for adult literacy grants to nonprofit organizations to support programs that train community-based adult literacy staff and to establish new volunteer-based programs. Also, delete the current law requirement that no grant may exceed \$10,000. Funding provided is net of a \$2,500 annual

reduction, equivalent to 5% of base level funding.

Joint Finance: Restore the current law requirement that no grant may exceed \$10,000. Provide \$2,500 annually to restore a 5% annual reduction. (This appropriation is also subject to a 5.135% across-the-board reduction.)

Assembly/Legislature: Restore the Governor's provision to delete the \$10,000 limit on grants.

[Act 28 Section: 2255m]

21. SPECIAL OLYMPICS

Assembly/Legislature: Provide \$4,700 annually for aid to the Special Olympics, which would restore the 1% and 5.135% across-the-board reductions applied to this appropriation. Base level funding is \$75,000 GPR annually.

GPR	\$9,400
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22. PROGRAM REVENUE REESTIMATES

Governor/Legislature: Reestimate PR expenditures by \$1,055,100 in 2009-10 and \$1,344,300 in 2010-11, including: (a) pupil transportation for residential schools (\$257,500 in 2009-10 and \$579,000 in 2010-11); (b) general educational development and high school graduation equivalency (-\$10,000 in 2009-10 and -\$8,400 in 2010-11); (c) alcohol and other drug abuse program (\$53,700 in 2009-10 and \$43,200 in 2010-11); (d) funds transferred from other state agencies--program operations (\$195,900 in 2009-10 and \$156,400 in 2010-11); (e) data processing (\$794,900 in 2009-10 and \$811,000 in 2010-11); and (f) funds transferred from other state agencies (-\$236,900 annually).

PR	\$2,399,400
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23. AODA FUNDING REDUCTION -- STATE OPERATIONS [LFB Paper 516]

PR	-\$72,100
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Governor: Reduce funding by \$36,300 in 2009-10 and \$35,800 from base level funding of \$656,000 for state operations of alcohol and other drug abuse programs, which are supported by penalty assessment funding. This reduction would be in addition to the 1% across-the-board reduction made separately. Specify that any unencumbered balance on June 30 of each year would revert to the "criminal justice program support" appropriation under the Department of Justice.

Joint Finance/Legislature: Delete the provisions related to the "criminal justice program support" appropriation.

24. INCOME FROM NORMAL SCHOOL FUND FOR ENVIRONMENTAL CONSULTANT

	Funding Position	
SEG	\$172,400	1.00

Senate/Legislature: Provide \$74,800 in 2009-10 and \$97,600 in 2010-11 and 1.0 position beginning in 2009-10 from the normal school fund in a new appropriation under DPI. Specify that these funds would be used to support 1.0 SEG environmental education position to provide school districts with experience in implementing environmental education related curriculum, instruction, and assessment.

[Act 28 Sections: 240b, 665s, and 9139(2c)]

PUBLIC SERVICE COMMISSION

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
FED	\$435,200	\$140,296,400	\$582,000	\$582,000	\$582,000	\$146,800	33.7%
PR	36,870,600	36,191,200	35,048,600	35,648,600	35,048,600	- 1,822,000	- 4.9
SEG	<u>18,823,800</u>	<u>62,387,000</u>	<u>13,116,600</u>	<u>13,116,600</u>	<u>13,116,600</u>	<u>- 5,707,200</u>	- 30.3
TOTAL	\$56,129,600	\$238,874,600	\$48,747,200	\$49,347,200	\$48,747,200	- \$7,382,400	- 13.2%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
FED	1.00	21.80	1.00	1.00	1.00	0.00
PR	156.00	155.00	155.00	155.00	155.00	- 1.00
SEG	<u>5.00</u>	<u>9.00</u>	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>1.00</u>
TOTAL	162.00	185.80	162.00	162.00	162.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments totaling \$2,300 FED, -\$155,300 PR, and -\$2,937,600 SEG annually. Adjustments are for: (a) turnover reduction (-\$288,000 PR annually); (b) removing noncontinuing elements from the base (-\$8,300 PR and -\$3,026,400 SEG annually); (c) full funding of continuing salaries and fringe benefits (\$2,300 FED, \$150,700 PR, and \$88,800 SEG annually); and (d) full funding of lease costs and directed moves (-\$9,700 PR annually).

FED	\$4,600
PR	- 310,600
SEG	<u>- 5,875,200</u>
Total	- \$6,181,200

2. ACROSS-THE-BOARD 1% REDUCTIONS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- \$368,800	\$0	- \$368,800
SEG	<u>- 382,000</u>	<u>254,200</u>	<u>- 127,800</u>
Total	- \$750,800	\$254,200	- \$496,600

Governor: Delete \$375,400, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Utility regulation	\$16,269,100	-\$162,700
PR	Holding company and nonutility affiliate regulation	698,700	-7,000*
PR	Intervenor financing	750,000	-7,500
PR	Stray voltage program	230,200	-2,300
PR	Railroad regulation and general program operations	487,300	-4,900*
SEG	Universal telecommunications service	6,000,000	-60,000
SEG	Energy efficiency and renewable resource programs	385,500	-3,900*
SEG	General program operations; low-income assistance	12,622,500	-127,100

*Due to other budget items, the final funding levels for these appropriations do not represent 1% reductions.

Joint Finance/Legislature: Reverse the annual reduction of \$127,100 SEG under general program operations, low-income assistance to reflect the Committee's decision to not transfer the Division of Energy from DOA (see item #7, below).

3. AGENCY 5.135% BUDGET REDUCTIONS

PR	- \$23,600
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Joint Finance/Legislature: Delete \$11,800 annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. The annual reduction amount would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Stray voltage program	\$230,200	-\$11,800

4. STATE EMPLOYEE FURLOUGH

FED	- \$4,800
PR	- 677,200
SEG	<u>- 22,600</u>
Total	- \$704,600

Joint Finance/Legislature: Delete \$352,300 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$2,400 FED, \$338,600 PR, and \$11,300 SEG.

5. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$229,800 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$1,500 FED, \$220,900 PR, and \$7,400 SEG.

FED	- \$3,000
PR	- 441,800
SEG	- 14,800
Total	- \$459,600

6. STATE LEGAL SERVICES [LFB Paper 115]

Governor: Delete 1.0 attorney position. Transfer \$67,300 from salary and fringe benefits to supplies and services for services of a newly created Division of Legal Services at the Department of Administration. The deleted position is currently vacant. Specify that the Division of Legal Services may provide legal services to state agencies and is required to assess agencies for services. Specify that "state agencies" includes an office, commission, department, independent agency, or board in the executive branch including the Building Commission but excluding the Department of Justice and the Department of Public Instruction. [See "Administration -- Transfers to the Department."]

	Positions
PR	- 1.00

Joint Finance: Specify that DOA may only provide legal services, and charge for those services, for agencies in which the Governor appoints the Secretary (cabinet agencies).

Senate: Delete provision.

Conference Committee/Legislature: Include Joint Finance provision.

7. DIVISION OF ENERGY TRANSFER AND ACCEPTANCE OF FEDERAL STIMULUS FUNDS [LFB Paper 110]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$139,706,600	20.80	-\$139,706,600	- 20.80	\$0	0.00
SEG	49,820,400	4.00	- 49,820,400	- 4.00	0	0.00
Total	\$189,527,000	24.80	-\$189,527,000	- 24.80	\$0	0.00

Governor: Provide \$46,568,900 FED and \$16,606,800 SEG in 2009-10 and \$93,137,700 FED and \$33,213,600 SEG and 20.8 FED and 4.0 SEG positions annually for the transfer of Division of Energy functions to the Public Service Commission (PSC), effective January 1, 2010. Create a FED-continuing appropriation in the PSC entitled *federal aid*, for all money received from the federal government not otherwise appropriated, as authorized by the Governor under state statutes governing the acceptance of federal funds, to carry out purposes for which they are received. [See "Administration -- Transfers from the Department to Other Agencies"]

Joint Finance/Legislature: Delete provision.

8. PIPELINE SAFETY PROGRAM

FED

\$150,000

Governor/Legislature: Increase the expenditure authority for the pipeline safety program by \$75,000 annually to reflect projected revenues from the federal government. The Office of Pipeline Safety in the U.S. Department of Transportation has certified the PSC to regulate, inspect, and enforce intrastate gas pipeline safety requirements in Wisconsin. The federal government reimburses the state for up to 80% of its costs for performing the pipeline safety program.

9. IMMEDIATE SAVINGS ENERGY EFFICIENCY PROGRAM

Governor: Upon application by an energy utility, authorize the PSC to permit the energy utility to administer, fund, or provide administrative services for an immediate savings energy efficiency program that invests in energy efficiency improvements for utility customers in which the costs borne by a customer for an improvement are offset by the energy savings resulting from the improvement. Require the energy utility to file a tariff specifying the terms and conditions of utility and nonutility service provided to customers for whom improvements are made under the program and prohibit the tariff from taking effect until approved by the Commission. Require tariffs to include:

- a. The terms and conditions for billing customers for utility and nonutility service related to improvements benefiting the customers;
- b. A contract between the utility and an owner of property benefited by an improvement requiring the owner to inform any property lessees who are liable for utility service that the cost of the improvement will appear on their utility bills;
- c. A contract between the utility and an owner of property benefited by an improvement requiring the owner to inform any purchaser of the property that the purchaser, or any other person who is liable for utility service at the property, is liable for the unpaid cost of the improvement and that such unpaid cost will appear on utility bills for the property; and
- d. Any other term or condition required by the Commission.

If the PSC has approved a tariff, permit the utility to include a separate line item on bills of a customer at a property benefited by an improvement made under the program that offsets the costs of the program borne by the customer with the energy savings resulting from the improvement. Provide that a utility need not obtain a license as a collection agency for this billing practice. Specify that any costs incurred by a utility to administer, fund, or provide administrative services for an immediate savings energy efficiency program are in addition to the amounts required under the energy efficiency and renewable resource programs authorized under current law. Prohibit a utility from recovering from ratepayers any bad debt related to nonutility services provided under an immediate savings energy efficiency program.

Create a new statement on the real estate condition report, which property owners must

furnish to prospective buyers, that reads, "I am aware that an improvement has been made to the property under an immediate savings energy efficiency program authorized under s. 196.374(2)(d) and that utility bills for the property will include unpaid costs of the improvement." Specify that the provision regarding the real estate condition report first applies to reports furnished on the effective date of the bill and that the provision creating the program first applies to programs for which applications are made on the effective date of the bill.

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

10. FILING EXTENSION FOR PUBLIC UTILITY BALANCE SHEETS

Governor: Modify the current law provision that allows the PSC to extend the filing deadline for public utility balance sheets by removing the requirement that the extension be based on a showing of good cause. Public utilities would continue to be required to file balance sheets and any other prescribed information with the Commission on an annual basis.

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

11. TELECOMMUNICATIONS REPORTS BY THE PSC

Governor: Modify the current law provisions requiring the Commission to submit a biennial report on the status of investments in advanced telecommunications infrastructure as follows: (a) delete the requirement that the report be submitted to the Joint Committee on Information Policy and Technology and, instead, require the report to be submitted to the Legislature under current law procedures; (b) delete the requirement that the report include information on progress made in each of several areas enumerated in the statutes and, instead, condition the inclusion of information pertaining to those areas on the Commission's determination that there are issues with the availability or deployment of telecommunications infrastructure; (c) delete the requirement that the report include information on integrated services digital network deployment; and (d) require the Commission to combine the report with its report on the universal service fund. Currently, the Commission is permitted, but not required, to combine the two reports. By combining the two reports, the universal service fund report would be required biennially, rather than annually.

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

12. TELECOMMUNICATIONS ASSESSMENTS FOR CONSUMER PROTECTION [LFB Paper 665]

Governor: Require the PSC to annually assess against telecommunications utilities, in proportion to their gross operating revenues during the last year, the total amount appropriated to the Department of Agriculture, Trade, and Consumer Protection (DATCP) for consumer protection functions related to telecommunications services (\$415,800 annually in 2009-10 and

2010-11). Create a PR appropriation to fund the related DATCP operations and credit revenues from assessments to the appropriation. Require telecommunications utilities to pay the assessments within 30 days after the Commission mails bills for the assessments, and provide that bills constitute notice of assessments and demand for payment. Prohibit telecommunications utilities from recovering the assessments through a separate line on billing statements to their customers. Extend current law provisions regarding payment of Commission expenditures to the assessments. [See the related entry under the Department of Agriculture, Trade, and Consumer Protection.]

Joint Finance/Legislature: Modify the Governor's recommendation to extend the DATCP consumer complaint assessment and the universal service fund assessment specifically to commercial mobile radio (wireless) providers as well as wireline providers.

[Act 28 Sections: 179, 2460d, and 2476]

13. REVIEW OF TELECOMMUNICATION DEPRECIATION

Governor: Modify the current law provision requiring the PSC to review the guidelines that it has established regarding the depreciation of telecommunications utilities' fixed capital by requiring the review to occur triennially, rather than biennially.

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

14. REVIEW OF USF RULES

Governor: Delete the requirement that the Commission's review and promulgation of rules related to the universal service fund occur biennially. The PSC would continue to be required to review and promulgate rules related to the fund.

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

15. DISBURSEMENT OF WIRELESS 911 FUND BALANCE [LFB Paper 666]

Governor/Legislature: Prohibit the PSC from making distributions from the wireless 911 fund to any person, except for grants and supplemental grants authorized under current law provisions. The wireless 911 fund was created in 2003 on a temporary basis. Surcharges on customers' wireless telecommunications bills were deposited in the fund and used to provide grants to local governments and wireless providers as reimbursement for costs incurred in establishing a system for responding to wireless emergency 911 telephone calls. Surcharges were imposed between December 1, 2005, and July 1, 2008, and state law sunsets the grants and other program expenditures on April 1, 2009. Based on an administrative rule, the PSC intended to distribute the closing balance in the fund to wireless providers for redistribution to consumers. Instead, the Act transfers the fund balance to the general fund to supplement

funding for aid payments under the county and municipal aid program. This provision prohibits the PSC distribution to wireless providers, as required by rule. [See entry on "Wireless 911 Fund Payments for County and Municipal Aid" under Shared Revenue and Tax Relief -- Direct Aid Payments]

[Act 28 Section: 2573]

16. POLICE AND FIRE PROTECTION FEE

	<u>Jt. Finance</u> <u>(Chg. to Base)</u>		<u>Legislature</u> <u>(Change to JFC)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$102,266,800		-\$102,266,800		\$0	
SEG-REV	102,600,000		5,000,000		107,600,000	
SEG-Transfer	102,266,800		- 102,266,800		0	
SEG	\$333,200	1.00	\$0	0.00	\$333,200	1.00

Joint Finance: Impose a police and fire protection fee equal to seventy-five cents per month on each active voice and non-voice communications service connection, but exclude prepaid wireless telecommunications plans from the fee. Extend a police and fire protection fee on prepaid wireless telecommunications plans equal to one-half of the fee imposed on other types of service connections, as described above, on each retail transaction, and require the seller to collect the fee from the buyer with respect to each transaction occurring in the state. Allow providers and retailers to list the fee separately on subscribers' bills.

Impose each fee beginning on October 1, 2009, or the first day of the third month beginning after the budget act's effective date, whichever is later. Require subscribers to pay the fee to the provider or retailer and require the provider or retailer to remit the fee to the PSC by the end of the calendar month following the month the provider or retailer received the fee from the subscriber. Specify that the fee would not be included in calculating state or local sales taxes.

Authorize the PSC to administer the fee, and specify that the Commission is authorized to promulgate rules, commence collection actions, and contract with the Department of Revenue for the collection of fees from retailers. Authorize 1.0 FTE position and provide \$166,600 SEG annually to the PSC.

Create a SEG fund called the police and fire protection fund and deposit revenues from the fee in the fund. Authorize the state investment board to invest monies in the fund. Estimate state revenues from the fee at \$41,400,000 in 2009-10 and \$61,200,000 in 2010-11. Transfer \$41,233,400 in 2009-10 and \$61,033,400 in 2010-11 from the police and fire protection fund to the general fund for the purpose of making payments under the county and municipal aid program.

Assembly: Modify the definition of communications service connection to include only active retail voice communications service. This would have the effect of excluding both non-

retail and nonvoice communications from the definition. Modify the fee's imposition provision pertaining to the 75-cent per month fee to specify that the fee would be imposed on each communications service connection with an assigned telephone number, including a communication service provided via a voice over Internet protocol connection, and specify that if a communications provider provides multiple communications service connections to a subscriber, the communications provider shall impose a separate fee on each of the first 10 connections and one additional fee for each 10 additional connections per billed account. Modify the provision that allows a provider to list the fee separately from other charges on a subscriber's bill to also allow a provider to combine the fee with the charge authorized under current law provisions for 911 services if the provider identifies the combined fee and charge as "charge for funding countywide 911 systems plus police and fire protection fee." Delete the provision transferring the balance in the police and fire protection fund to the general fund in 2009-10 and 2010-11 and, instead, create a SEG appropriation to distribute amounts in the police and fire protection fund to counties and municipalities under the county and municipal aid program (these appropriation amounts are reflected under "Shared Revenue and Tax Relief -- Direct Aid Payments).

Senate: Include the Assembly modifications related to imposition of the fee, but delete the provision replacing the transfer of the balance in the fund with a SEG appropriation.

Conference Committee/Legislature: Include the Assembly provisions and modify the Joint Finance provision that establishes an effective date for the police and fire protection fee of October 1, 2009, or the first day of the third month beginning after the budget act's effective date, whichever is later, and instead, make the fee effective on September 1, 2009. Increase estimated revenues from the fee by \$5,000,000 SEG in 2009-10.

[Act 28 Sections: 225k, 665t, 682k, 1850eb, 2454k, 2460d, 2460r, 2475k, and 9441(1j)(a)]

17. POLICE AND FIRE PROTECTION FEE -- SUNSET

Senate/Legislature: Repeal the following provisions effective June 30, 2011: (a) the PSC appropriation for administration of the police and fire protection fee; (b) investment of monies in the police and fire protection fund by the state investment board; (c) the police and fire protection fund; (d) treatment of the police and fire protection fee under the sales and use tax; and (e) imposition of the police and fire protection fee. These provisions sunset the fee and its related provisions at the end of the 2009-11 biennium.

Veto by Governor [F-3]: Delete provision.

[Act 28 Vetoed Sections: 225L, 665w, 682L, 2454L, 2460f, 2460t, 2475L, and 9441(1j)(b)]

18. 911 GRANT PROGRAM AND SURCHARGE

Senate/Legislature: Repeal the funding mechanism for countywide 911 systems authorized under current law on July 1, 2011, create a 911 grant program administered by the

Public Service Commission, and authorize a surcharge to provide program funding as follows:

Basic Surcharge. Impose a monthly surcharge on subscribers' bills based on the following provisions.

A monthly 911 surcharge would be imposed beginning on July 1, 2011. Initially, the surcharge would be set at a maximum of seventy-five cents or a lower amount set by the PSC, as described below. Service providers would be allowed to list the surcharge separately from other charges on the bill. Partial payments made by a subscriber would be applied first to the amount the subscriber owes the service provider for service.

Surcharge for Subscribers of Prepaid Wireless Plans. Exclude devices subject to prepaid wireless telecommunications plans from the preceding surcharge and instead base the surcharge for those devices on the following provisions.

The prepaid wireless 911 surcharge would be based on each retail transaction that occurs in this state. The rate of the surcharge per retail transaction would be one-half of the basic surcharge described above. The prepaid wireless 911 surcharge would be imposed by the seller on the consumer. Providers would be allowed to state the amount of the prepaid wireless 911 surcharge separately on an invoice, receipt, or other similar document that is provided to the consumer by the seller, or to otherwise disclose the surcharge to the consumer. The prepaid wireless 911 surcharge would be the liability of the consumer and not of the seller or of any provider, except that the seller would be liable to remit all prepaid wireless 911 surcharges that the seller collects from consumers, including all such surcharges that the seller would be deemed to collect where the amount of the surcharge is not separately stated on an invoice, receipt, or other similar document provided to the consumer by the seller. The PSC would be required to promulgate rules exempting certain transactions that are not considered to be a retail sales transaction under the state general sales and use tax from the surcharge. A retail transaction that is effected in person by a consumer at a business location of the seller would be treated as occurring in this state if that business location is in this state, and any other retail transaction would be treated as occurring in this state if the retail transaction is treated as occurring in this state under the state general sales and use tax. The prepaid wireless 911 surcharge could be the only 911 funding obligation imposed with respect to prepaid wireless telecommunications service in this state. The PSC would be required to promulgate rules establishing requirements and procedures for auditing sellers to determine compliance with the preceding provisions and granting appeal rights. Those procedures would reflect the procedures used for the state general sales and use tax.

Change in the Surcharge Amount. Authorize changes in the surcharge amount based on the following procedures.

The PSC would be required to monitor the revenues and interest generated by the surcharge. If the PSC determines that the surcharge rate produces revenue in excess of the amount needed, the PSC would be required to reduce the rate. If the PSC determines that the surcharge rate produces revenue that is less than the amount needed, the PSC would be

required to increase the rate. The PSC would be required to ensure that any adjustment to the rate would result in full cost recovery for grant recipients over a reasonable period. A change in the amount of the surcharge rate would become effective only on January 1 of each year. The PSC would be required to notify providers of a change in the rate no later than October 1 of the year before a change becomes effective. The maximum surcharge would be adjusted annually based on the change in the consumer price index for the Midwest region, U.S. Department of Labor, for the month of August of the previous year and of the year before that year. Any change in the basic surcharge rate would also apply to the surcharge rate for prepaid wireless plans.

Exemption from Sales and Use Tax. The amount of the basic and prepaid wireless 911 surcharge collected from a consumer would not be included in the base for measuring the general sales and use tax imposed by this state or its political subdivisions.

General Surcharge Provisions. Require service providers to remit payments to the PSC on a monthly basis based on the following provisions.

Service providers and retailers would be required to remit collected surcharges to the PSC by the end of the calendar month following the month the provider received the charges from its subscribers. Providers would be allowed to deduct and retain an administrative allowance equal to the greater of 1% of the amount of the remitted surcharge or \$50 per month. The PSC would be authorized to require service providers to report the amount of uncollected surcharges on an annual basis, or less frequently as the Commission determines. The PSC would be authorized to request the name, address, and telephone number of a subscriber who refuses to pay the 911 surcharge. Service providers would have no obligation to take any legal action to enforce the collection of the surcharge billed to a subscriber. The PSC would be authorized to initiate a collection action, which would include the recovery of reasonable costs and attorneys' fees associated with the action, against the subscriber.

911 Fund. Create a SEG fund called the 911 fund based on the following provisions.

With guidance from the 911 Advisory Council (described below), the PSC would administer the fund. All revenues remitted to the PSC from the surcharge imposed under this proposal would be deposited in the fund, and revenue in the fund could only be used as provided in this proposal. The PSC would be allowed to deduct and retain for its administrative expenses up to 1% of the annual revenues generated by the fund. All remaining revenues in the fund would be used to make grants under this proposal. The state investment board would be authorized to invest monies in the fund.

Grants. Authorize the PSC to make grants to reimburse service providers and local governments for incurred costs, previously approved by the PSC, based on the following provisions.

Service providers would be eligible for reimbursement of actual, commercially reasonable costs incurred in complying with the requirements of enhanced 911 service. Costs of complying would include costs incurred for designing, upgrading, purchasing, leasing, programming,

installing, testing, or maintaining all necessary data, hardware, and software required to provide service as well as the recurring and nonrecurring costs of providing the service. Applications for reimbursement would be required to include invoices for costs incurred.

Enhanced 911 service would be defined as the delivery of 911 calls with automatic number identification and automatic location identification to an appropriate public safety answering point by selective routing based on the geographical location from which the call originated and providing either a specific street address or information defining the approximate geographic location, in accordance with orders promulgated by the Federal Communications Commission (FCC).

Grants to local governments would be limited to those governments that were designated as grant recipients under the state's wireless 911 grant program and were operating a wireless public safety answering point that was in operation as of November 30, 2008, except that for counties without wireless enhanced 911 services on that date, one local government operating a public safety answering point in each county would be eligible for grants if that government is designated as the primary public safety answering point in the county. Local governments would be required to submit grant requests annually that identify the costs incurred by the public safety answering point in complying with the requirements of enhanced 911 service. Costs of complying would include costs incurred for designing, upgrading, purchasing, leasing, programming, installing, testing, or maintaining all necessary data, hardware, and software required to provide service as well as the recurring and nonrecurring costs of providing the service, and costs associated with training public safety answering point personnel. To obtain reimbursement, a local government's designated primary public safety answering point would have to submit an annual application to the PSC identifying expenses eligible for reimbursement under the program and listing the invoices for reimbursement that are related to compliance with enhanced 911 service requirements. Further, the application would have to include the costs of landline 911 trunks and charges for the designated and authorized public safety answering points in the county.

If the total amount of invoices submitted to the PSC and approved for payment in a month exceeds the amount available from the 911 fund for reimbursements, the amount payable to each service provider and local government would be reduced proportionately so that the amount paid would not exceed the amount available for payment. The balance of the payment would be deferred.

A local government and its designated public safety answering point would be required to comply with all requests by the PSC for financial information related to the operation of the public safety answering point and, upon request, to provide a copy of any audits conducted of the designated public safety answering point to the PSC.

911 Advisory Council. Create a 911 Advisory Council based on the following provisions.

The PSC would be required to appoint a council to advise it concerning the administration of the 911 grant program and surcharge, any related administrative rules, and

any other matters assigned to the council by the PSC. In addition, the council would assist the 911 coordinator, described below, in the development of a statewide plan for enhanced 911 services for the state.

The council would consist of members from the following groups:

- an individual recommended by the League of Wisconsin Municipalities;
- an individual recommended by the Wisconsin Counties Association;
- an individual recommended by the Wisconsin Chapter of the National Emergency Number Association;
- an individual recommended by the Badger State Sheriffs Association;
- two individuals who represent commercial mobile radio service providers operating in Wisconsin;
- an individual recommended by the Wisconsin Chapter of the Association of Public Safety Communications Officials;
- two individuals recommended by the Wisconsin State Telecommunications Association, one of whom represents a local exchange carrier with less than 50,000 access lines;
- an individual who represents a voice over Internet protocol provider;
- a police chief recommended by the Wisconsin Police Chiefs Association;
- a fire chief recommended by the Wisconsin Fire Chiefs Association;
- an individual recommended by the state Emergency Management Association;
- an individual who represents the cable industry; and
- an individual recommended by the Wisconsin Emergency Medical Services Association.

Each council member would be appointed to a staggered three-year term. The council's chairperson and vice chairperson could not be filled by PSC staff. The council would be required to meet at least twice a year. Members would serve without compensation, but members, other than those representing service providers could be reimbursed for their actual and necessary expenses incurred in the performance of their duties, subject to guidelines adopted by the council. Members would be required to undertake their duties in a manner that is competitively and technologically neutral to all service providers.

Public Service Commission. Authorize 1.0 FTE position to fund a 911 state coordinator. Direct the PSC to develop a statewide plan for enhanced 911 services for the state and consult with the 911 Council. Authorize the Commission to promulgate administrative rules for the 911 grant program and administer the program, as described above. Create a SEG appropriation to

fund the program's administrative expenses and to provide grants to service providers and local governments. Limit the expenditure of funds for administrative expenses to no more than 1% of the amounts received from surcharges. Authorize the PSC to require a communications provider or local government receiving grants to conduct an audit to ensure that its grant application and use of grant proceeds are consistent with the program requirements. Require the PSC to issue a report to the Legislature containing complete information regarding receipts and expenditures of all funds received by the PSC during the period covered by the report by February 28 of each odd-numbered year. Direct the PSC to also include in the report the status of the 911 system in Wisconsin at the time of the report and the results of any related investigations by the PSC completed during the period covered by the report.

Miscellaneous Provisions. Authorize miscellaneous administrative provisions as follows.

Recovery of Unauthorized Use of Funds. The PSC would be required to give written notice of violation to any service provider or local government found to be using monies from the 911 fund for unauthorized purposes. Upon receipt of the notice, the service provider or designated public safety answering point would be required to cease making any unauthorized expenditures. Violators would be allowed to petition the PSC for a hearing on the question of whether the expenditures were unauthorized, and the PSC would be required to grant the request within a reasonable period. If, after the hearing, the PSC concludes the expenditures were in fact unauthorized, the PSC would require the service provider or designated public safety answering point to refund the monies improperly spent within 90 days of its determination.

Conditions for Providing Enhanced Wireless 911 Service. In accordance with federal wireless orders, no provider would be required to provide enhanced wireless 911 service until all of the following conditions are met: (a) the provider receives a request for the service from the administrator of a public safety answering point that is capable of receiving and utilizing the data elements associated with the service; (b) funds for reimbursement of the provider's costs are available; and (c) the local exchange carrier is able to support the requirements of enhanced 911 service.

Telephone Relay Service for the Hearing Impaired. Each public safety answering point receiving funding would be required to comply with FCC requirements that all 911 answering positions be equipped with the necessary equipment in order to accept 911 calls from the hearing impaired directly or through the use of a relaying service.

Subscriber Records. Subscriber records would remain the property of the disclosing provider and their use would be limited to providing emergency response services to 911 calls. Service provider connection information obtained by designated primary public safety answering point personnel for public safety purposes would not be public information under current law provisions. The disclosure or use, other than for 911 operations, of information contained in the database of the telephone network portion of a 911 system would be prohibited. Within two business days of a service provider installing service for a new subscriber, the provider would be required to provide the relevant public safety answering

point with information necessary to update the master street address guide or location database used by the public safety answering point to respond to emergency calls, and the public safety answering point would be required to make the update.

Proprietary Information. All information submitted to the PSC and 911 Advisory Council would be confidential if the provider designates the information as proprietary and the PSC determines the information is proprietary. Proprietary information submitted under this program would not be subject to disclosure, and release of such information to any person other than to the submitting service provider, the PSC, and the 911 Advisory Council without the express permission of the submitting service provider would be prohibited. General information collected by the PSC and 911 Advisory Council could be released or published only in aggregate amounts that do not identify or allow identification of numbers of subscribers or revenues attributable to an individual service provider.

Limitation of Liability. Extend the liability exemption for local governments and telecommunications utilities under the wireless 911 program to communications providers under this program.

Effective Date. The preceding provisions would take effect on July 1, 2011. As a result, the surcharge and grant program would commence in the 2011-13 biennium.

Veto by Governor [F-3]: Delete provision.

[Act 28 Vetoed Sections: 40w, 225d, 665su, 681i, 1835dr, 1836er, 1849w, 2572hb, 2572he, 2572hh, 2572hL, 2572ho, 2572hr, 2572hu, 2572hy, 2573b, 2573f, 2573h, 9141, 9341, and 9441(1j)(b) & (2j)]

19. INTERVENOR FINANCING

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
PR-REV	\$600,000	- \$600,000	\$0
PR	\$600,000	- \$600,000	\$0

Assembly: Increase the intervenor financing appropriation by \$300,000 PR annually and change the appropriation to a biennial appropriation from an annual appropriation. Require the Public Service Commission to provide \$300,000 annually to a nonstock, nonprofit corporation that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code and that has a history of advocating on behalf of residential ratepayers for affordable rates to be used to offset the corporation's general expenses. Intervenor financing is funded with assessments on public utilities.

Senate: Delete provision.

Conference Committee/ Legislature: Include Assembly provision.

Veto by Governor [F-4]: Delete provision.

[Act 28 Vetoed Sections: 176 (as it relates to s. 20.155(1)(j)), 222m, and 2463m]

20. FUEL ADJUSTMENT CLAUSE FOR ELECTRIC PUBLIC UTILITIES

Assembly: Repeal the current law provision that authorizes the PSC to grant a rate increase to a utility after a limited public hearing if the utility experiences an increase in fuel costs that is of an extraordinary or emergency nature and, instead, create the following provisions: (a) require the Commission to defer any under- or over-collection of fuel costs that are outside of the electric public utility's symmetrical fuel cost annual tolerance, as established by the Commission, for subsequent rate recovery or refund, if an electric public utility has an approved fuel cost plan; (b) authorize the Commission to commence a proceeding to adjust rates for an electric public utility outside of a general rate case proceeding if the utility's actual fuel costs are outside of the electric public utility's fuel cost annual tolerance, as established by the Commission; and (c) provide that approval of a fuel cost plan and any rate adjustment for deferred fuel costs or refund of over-collected fuel costs shall be determined by the Commission, after an opportunity for hearing has occurred. Modify the current law provision that requires the Commission to promulgate a rule to, instead, require the Commission to promulgate a rule to implement the preceding provisions.

Senate/Legislature: Delete the Assembly provision.

REGULATION AND LICENSING

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled Amount	Percent
PR	\$26,167,400	\$31,694,200	\$26,643,400	\$26,643,400	\$26,643,400	\$476,000	1.8%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
PR	114.32	127.82	118.82	118.82	118.82	4.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 670]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$747,800	0.50	-\$241,200	0.00	\$506,600	0.50

Governor: Provide standard budget adjustments to the base totaling \$373,900 and 0.5 position annually. Adjustments are for: (a) turnover reduction (-\$58,800 annually); (b) full funding of continuing salaries and fringe benefits (\$389,400 annually); (c) funding of ongoing position (0.5 position annually created under 2007 Act 189 effective July 1, 2009, associated with the regulation of professional employer organizations); (d) full funding of lease costs and directed moves (\$43,300 annually); and (e) minor offsetting transfers within the same appropriation. The bill would exempt Regulation and Licensing (DRL) from the turnover reduction that would have otherwise been included in this item (-\$120,600 PR annually) in order to provide the agency with additional expenditure flexibility in meeting workload needs.

Joint Finance/Legislature: Apply the full turnover reduction rate to DRL and delete \$120,600 annually.

2. ACROSS-THE-BOARD 1% REDUCTIONS

PR	- \$261,600
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Governor/Legislature: Delete \$130,800, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	General Program Operations	\$11,420,500	-\$114,200*
PR	Examinations	1,529,400	-15,300
PR	Background Checks	133,800	-1,300

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

PR	- \$272,000
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Joint Finance/Legislature: Delete \$136,000 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

4. STATE EMPLOYEE FURLOUGH

Joint Finance/Legislature: Delete \$208,500 annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium.

PR	- \$417,000
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5. AGENCY 5.135% BUDGET REDUCTIONS

PR	- \$1,343,600
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Joint Finance/Legislature: Delete \$671,800 annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. Annual reductions amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	General program operations	\$11,420,500	-\$586,400
PR	Background checks	133,800	-6,900
PR	Examinations	1,529,400	-78,500

6. MEDICAL EXAMINING BOARD REGULATION [LFB Paper 671]

	<u>Governor (Chg. to Base)</u>		<u>Jt. Finance/Leg. (Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR-REV	\$0		\$131,600		\$131,600	
PR-REV	0		1,184,500		1,184,500	
PR	\$4,586,800	15.00	-\$2,504,200	- 7.00	\$2,082,600	8.00

Governor: Provide \$2,293,400 and 13.0 permanent and 2.0 project positions annually for increased support of the Medical Examining Board. Transfer \$793,700 and 8.93 permanent positions annually from the Department's general program operations to the program operations of the Medical Examining Board. Create a biennial appropriation for the licensing rule-making and regulatory functions of the Medical Examining Board and any attached affiliated credentialing board. Specify that preparing, administering and grading examinations for these professions would not be funded under this appropriation. These activities would continue to be funded under the examinations appropriation. Specify that 90% of revenues for initial and renewal credentials of professions regulated under Chapter 448 of the statutes ("Medical Practices") would be deposited into the new appropriation. The remaining 10% would be deposited to the general fund, as under current law.

The table below shows the amounts newly recommended under the bill and the current agency funding and personnel that would be transferred to the new appropriation to support Medical Examining Board and affiliated credentialing boards.

<u>Funding</u>	<u>Increased Appropriation Authority</u>	<u>Transferred Amounts</u>	<u>Medical Board Total</u>
Salaries and Fringe Benefits	\$1,206,900	\$704,400	\$1,911,300
Supplies and Services	536,500	89,300	625,800
Unallotted Reserves	<u>550,000</u>	<u>0</u>	<u>550,000</u>
Total	\$2,293,400	\$793,700	\$3,087,100
Positions			
Permanent	13.00	8.93	21.93
Project Positions	<u>2.00</u>	<u>0.00</u>	<u>2.00</u>
Total	15.00	8.93	23.93

Below are the professions and the board or affiliated board which regulates the profession under the auspices of the Medical Examining Board.

<u>Board or Affiliated Board</u>	<u>Profession</u>
Medical Examining Board	Perfusionist
Medical Examining Board	Physician
Medical Examining Board	Doctor of Osteopathy
Medical Examining Board	Physician Assistant
Medical Examining Board	Respiratory Care Practitioner
Athletic Trainers Affiliated Credentialing Board	Athletic Trainer
Dietitians Affiliated Credentialing Board	Certified Dietitian
Occupational Therapists Affiliated Credentialing Board	Occupational Therapist
Occupational Therapists Affiliated Credentialing Board	Occupational Therapy Assistant
Physical Therapists Affiliated Credentialing Board	Physical Therapist
Physical Therapists Affiliated Credentialing Board	Physical Therapist Assistant
Podiatrists Affiliated Credentialing Board	Podiatric Medicine and Surgery

Specify that the fees paid for judicial review of disciplinary decisions related to the Medical Examining Board or an affiliated credentialing board would be paid from the new appropriation rather than the Department's general program operations. Under current law, the Department may seek judicial review of any final disciplinary action of the Medical Examining Board or an affiliated credentialing board. The Attorney General or other special counsel may be assigned to this case and paid from the Department's general program operations.

Specify that the Secretary of the Department would be required to form a dedicated work unit within the Department to support the work of the Medical Examining Board or an affiliated credentialing board. This unit would be required to perform all aspects of credential processing, examination, and complaint investigation for any credential issued under Chapter 448 of the statutes.

Joint Finance/Legislature: Modify the Governor's recommendation by deleting \$1,252,100 annually and 7.0 positions. Approve the following funding and positions:

	<u>Positions</u>	<u>Salaries and Fringe Benefits</u>	<u>Supplies and Services</u>	<u>One-Time Funding</u>	<u>Total</u>
Transferred Amounts	8.93	\$704,400	\$89,300	\$0	\$793,700
Investigators*	4.00	270,200	20,000	20,000	310,200
Attorney Supervisor	1.00	132,100	10,000	0	142,100
Attorney	1.00	102,800	10,000	0	112,800
Paralegal	1.00	88,100	10,000	0	98,100
Accounting Officer	0.50	41,100	5,000	0	46,100
Information System Data Services	0.50	24,400	5,000	0	29,400
Administration Support			102,600		102,600
Hearings and Appeals and other Administrative Charges	—	—	<u>200,000</u>	—	<u>200,000</u>
Total	16.93	\$1,363,100	\$451,900	\$20,000	\$1,835,000

*2.0 permanent and 2.0 two-year project positions.

The following table shows the amounts of base level funding transferred to the new Medical Examining Board functions and the amount of increased expenditure authority.

<u>Funding</u>	<u>Increased Appropriation Authority</u>	<u>Transferred Amounts</u>	<u>Medical Board Total</u>
Salaries and Fringe Benefits	\$658,700	\$704,400	\$1,363,100
Supplies and Services	362,600	89,300	451,900
One-Time Funding	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total	\$2,215,200	\$793,700	\$1,835,000
Positions			
Permanent	6.00	8.93	14.93
Project Positions	<u>2.00</u>	<u>0.00</u>	<u>2.00</u>
Total	8.00	8.93	16.93

Reestimate GPR-Earned by \$44,100 in 2009-10 and \$87,500 in 2010-11. Reestimate PR-Rev by \$396,900 in 2009-10 and \$787,600 in 2010-11 and specify that the fees for the professions regulated under the Medical Examining Board and the attached affiliated credentialing boards are as follows:

	<u>Initial Fee</u>	<u>Renewal Fee</u>
Athletic Trainer	\$75	\$75
Certified Dietitian	75	75
Perfusionist	75	141
Medicine and Surgery, MD	75	141
Medicine and Surgery, DO	75	141
Physician Assistant	75	141
Respiratory Care Practitioner	75	141
Occupational Therapist	75	75
Occupational Therapy Assistant	75	75
Physical Therapist Assistant	75	75
Physical Therapist	75	75
Podiatric Medicine and Surgery	75	91

Change the renewal dates for the professions regulated under the Medical Examining Board and the attached affiliated credentialing boards as follows:

<u>Profession</u>	<u>Current Renewal Date</u>	<u>Alternative Renewal Date</u>
Athletic Trainer	July 1, Even-Numbered Years	July 1, Even-Numbered Years
Certified Dietitian	November 1, Even-Numbered Years	November 1, Even-Numbered Years
Perfusionist	November 1, Odd-Numbered Years	March 1, Even-Numbered Years
Physician	November 1, Odd-Numbered Years	November 1, Odd-Numbered Years
Doctor of Osteopathy	November 1, Odd-Numbered Years	March 1, Even-Numbered Years
Physician Assistant	November 1, Odd-Numbered Years	March 1, Even-Numbered Years
Respiratory Care Practitioner	November 1, Odd-Numbered Years	July 1, Even-Numbered Years
Occupational Therapist	November 1, Odd-Numbered Years	June 1, Odd-Numbered Years
Occupational Therapy Assistant	November 1, Odd-Numbered Years	June 1, Odd-Numbered Years
Physical Therapist	November 1, Odd-Numbered Years	March 1, Odd-Numbered Years
Physical Therapist Assistant	November 1, Odd-Numbered Years	March 1, Odd-Numbered Years
Podiatric Medicine and Surgery	November 1, Odd-Numbered Years	November 1, Even-Numbered Years

Veto by Governor [C-17]: Delete provision that would have established fees for professions regulated by the Medical Examining Board and the attached affiliated credentialing boards in statute. [The veto eliminated a specific fee for and agency revenues from Medical Examining Board and attached affiliated credentialing board fees (\$44,100 GPR-Earned and \$396,900 PR-REV in 2009-10 and \$87,500 GPR-Earned and \$787,600 PR-REV in 2010-11). On June 29, 2009, the Joint Committee on Finance approved fees for these professions by rule at the same level as was approved by the Legislature under Enrolled AB 75, effectively creating no change to the expected agency revenues from credential fees for the 2009-11 biennium.]

[Act 28 Sections: 226, 227, 2994mnk, 2994mns, 2994mp, 2994mr, 2994mu, 2994ng, 2995, and 9142(1)]

[Act 28 Vetoed Sections: 2994mnk, 2994mns, 2994mu, 2994ng, 2995jg, 2995jr, 2995k, 2995kg,

7. PAYMENT FOR STATE LEGAL SERVICES [LFB Paper 115]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- 1.00	- 2.00	- 3.00

Governor: Delete 1.0 attorney position. Transfer \$48,700 from salary and fringe benefits to supplies and services annually for services of a newly created Division of Legal Services at the Department of Administration (DOA). Specify that the Division of Legal Services may provide legal services to state agencies and is required to assess agencies for services. Specify that "state agencies" includes an office, commission, department, independent agency, or board in the executive branch, including the Building Commission, but excluding the Departments of Justice and Public Instruction. [See "Administration -- Transfers to the Department."]

Joint Finance: Delete an additional 1.0 attorney and 1.0 support staff position for a total of 2.0 attorney and 1.0 staff deletions. Transfer a total of \$185,100 from salary and fringe benefits to supplies and services annually for services of a newly created Division of Legal Services at DOA. Specify that DOA may only provide legal services, and charge for those services, for agencies in which the Governor appoints the departmental secretary (cabinet agencies).

Senate: Delete provision.

Conference Committee/Legislature: Include Joint Committee on Finance provision.

[Act 28 Sections: 31, 48, and 560]

8. GIFTS AND GRANTS APPROPRIATION [LFB Paper 672]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$400,000	- \$400,000	\$0

Governor: Create a continuing gifts and grants appropriation for the receipt and expenditure of all funds received as gifts and grants to carry out the purpose for which the funds were given. Estimate the expenditures at \$200,000 annually.

Joint Finance/Legislature: Delete provision.

9. ADMINISTRATIVE LAW JUDGE DELETION [LFB Paper 117]

Governor/Legislature: Delete 1.0 classified position from general

	Positions
PR	- 1.00

program operations and transfer \$68,200 PR from salary and fringe benefits to supplies and services annually. The Governor's Executive Budget indicates that the deletion of 1.0 position at the Department of Regulation and Licensing and 0.5 position at the Department of Agriculture Trade and Consumer Protection would correspond with the creation of 1.5 position at the Department of Administration.

10. LIMITED-TERM EMPLOYEES FOR PEAK WORK PERIODS

PR	\$53,800
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Governor/Legislature: Provide \$26,900 annually to hire limited-term employees during peak credentialing periods.

11. CHIROPRACTOR'S EXAMINATIONS AND REGULATION OF TECHNICIANS AND RADIOLOGICAL TECHNICIANS

GPR-REV	\$12,000
PR-REV	107,200
PR	\$107,200

Joint Finance: Make the following modifications to the regulation of chiropractors by the Chiropractic Examining Board:

Examinations. Specify that the requirements for a chiropractor's license must include the successful completion of an examination administered by the Chiropractic Examining Board in addition to any examination required by the national board of chiropractic examiners. Delete current law authority that states "in lieu of an examination developed by the Chiropractic Examining Board, the Board may accept, in whole or in part, the certificates of the national board of chiropractor examiners." Specify that anyone who is licensed as a chiropractor, by the Department of Regulation and Licensing, on the effective date of this provision, would not be required to meet the new qualifications. Specify that the examination requirement would become effective on the first day of the 18th month after the effective date of the bill.

Specify that the Chiropractic Examining Board must charge a fee to each examinee sufficient to cover its cost of developing and administering the examination. Create a new PR-continuing appropriation for the receipt of chiropractor's examination fees for the purpose of developing and administering chiropractic examinations. Specify that 10% of these fees would be deposited into the general fund.

Student Loan Repayments. Specify that the Chiropractic Examining Board may not grant a license to an applicant unless the applicant provides a form that certifies that they have not defaulted on any loans used to finance their education.

Duty to Refer. Specify that a chiropractor must evaluate each patient to determine whether the patient has a condition that is treatable by chiropractic means. An evaluation must be based on an examination that is appropriate to the patient. In conducting an evaluation, a chiropractor must utilize chiropractic science, as defined by the Chiropractic Examining Board, and the principals of education and training of the chiropractic profession. A chiropractor must discontinue treatment by chiropractic means if, at any time, the chiropractor determines, or reasonably believes that the patient's condition will not respond to further treatment by

chiropractic means, except that a chiropractor may provide supportive care to a patient being treated by another health care professional.

Specify that, if a chiropractor determines, or reasonably believes at any time, that a patient has a condition that is not treatable by chiropractic means, or will not respond to further treatment by chiropractic means, the chiropractor must inform the patient and refer the patient to a physician licensed under Chapter 448 of the statutes [professions regulated by the Medical Examining Board]. In making a referral, a chiropractor must do one of the following: (a) make a written referral to the physician that describes the chiropractor's findings, provide a copy of the written referral to the patient, and maintain a copy of the written referral in the patient record; or (b) make an oral referral to the physician that describes the chiropractor's findings, notify the patient about the referral, make a written record of the referral, including the name of the physician and date of the referral, and maintain the written record in the patient record. Specify that nothing under the provisions requiring referrals prevent a chiropractor from providing maintenance, supportive, or wellness care to a patient who requests these services.

Definitions. Define "adjunctive services" as services which are preparatory or complementary to chiropractic adjustments. Specify that "adjunctive services" does not include making a chiropractic diagnosis or performing a chiropractic adjustment.

Define "chiropractic technician" as an individual who has completed a course of study approved by the Chiropractic Examining Board, and who, under the direct on-premise supervision of a chiropractor, provides adjunctive services that are preparatory or complementary to chiropractic adjustments including preliminary patient histories as defined by the Chiropractic Examining Board and/or physiotherapy treatment as defined by the Chiropractic Examining Board [Chir 10 of the Wisconsin Administrative Code].

Define "chiropractic radiological technician" as an individual who has completed a course of study approved by the Chiropractic Examining Board, and who, under the direct on-premise supervision of a chiropractor, provides x-ray examination procedures.

Certificate Required for Chiropractic Technician and Chiropractic Radiological Technicians. Effective on the first day of the 12th month after the date of publication, specify that no person may designate himself or herself as a chiropractic technician or chiropractic radiological technician, or use or assume the title "chiropractic technician" or "chiropractor radiological technician" or any title that includes "chiropractor technician" or "chiropractor radiological technician" or append to the person's name the letters "C.T." or "C.R.T.," or use any other title or designation that represents or may tend to represent that he or she is certified as a chiropractic technician or chiropractic radiological technician, unless the person is certified as a chiropractic technician or chiropractic radiological technician. Specify that up to the effective date (the first day of the 12th month after the date of publication) that individuals that meet the current law standards for delegation of adjunctive services and delegated x-ray services, as determined by the Chiropractic Examining Board, may be certified as a "chiropractic radiological technician" and that individuals that meet the current law standards for delegation of adjunctive services and delegated physiological therapeutics, as determined by the Chiropractic Examining Board,

may be certified as a "chiropractic technician."

Specify that every chiropractic radiological technician shall complete at least 12 continuing educational credit hours in programs approved by the Chiropractic Examining Board in a manner consistent with the educational standards developed by the Chiropractic Examining Board during each two-year license registration period ending on December 14 of each odd-numbered year.

Specify that every chiropractic technician must complete at least six continuing educational credit hours in programs approved by the Chiropractic Examining Board in a manner consistent with the educational standards developed by the Chiropractic Examining Board during each two-year license registration period ending on December 14 of each odd-numbered year.

Require the Department of Regulation and Licensing to assign a unique certificate number to each person certified as a chiropractic technician or a chiropractic radiological technician.

Specify that the Department of Regulation and Licensing must assess a fee to each individual requesting certification as a chiropractic technician or a chiropractic radiological technician. Specify that the fees would initially be set at \$53 for initial credentials and \$44 for renewal fees. Provide \$53,600 PR annually for administration of these certifications and reestimate GPR-Rev by \$6,000 annually and PR-Rev by \$53,600 annually.

Sexual Misconduct. Include in the definition of unprofessional conduct sexual contact, exposure, gratification, sexually offensive communication, dating a patient under treatment, or other sexual behavior with or in the presence of a patient.

Divide the conduct into contact and non-contact violations. Specify that for the first contact violation, a chiropractor would have a one-year suspension of license, during which time the chiropractor would not be allowed on the premises of their practice, nor could the suspended individual hire someone to run or oversee their practice in their absence. A second contact violation would mean a permanent revocation of their license.

For the first non-contact violation, a chiropractor would be subject to a three month suspension of their license and mandatory boundary education as defined by the Chiropractic Examining Board. A second non-contact violation would mean a one-year suspension of their license with no contact allowed with their practice during the suspension. During a suspension, the chiropractor would not be allowed on the premises of their practice, nor could the suspended individual hire someone to run or oversee their practice in their absence. A third non-contact violation would mean permanent revocation of their license.

Chiropractor Fees. Specify that a chiropractor may not negate the co-payment or deductible provisions of a contract of insurance or a managed care agreement by agreeing to forgive all or a portion of the patient's obligation for payment under the contract or managed care agreement unless the chiropractor reduces the chiropractor's claim to the insurance carrier in regard to that

patient by an equal proportion.

Define "co-payment or deductible provisions" as any terms in a contract of insurance with a third party or a managed care agreement whereby the patient remains financially obligated to the chiropractor for payment.

Allow a chiropractor to waive collection of a patient's co-payment or deductible if the chiropractor has written documentation of the individual's financial hardship.

Specify that the actual fee charged by a chiropractor to a patient must be accurately reported to an insurer or managed care organization. Specify that it is not a violation of the law for a chiropractor to provide services without charge to a patient as long as an insurer or managed care organization is not charged for the services.

Specify that a chiropractor who violates this provision must refund the insurer or managed care organization for all payments received that are related to the day on which a co-payment was waived or reduced for the course of treatment for which a deductible was waived or reduced.

Continuing Education. Require the Chiropractic Examining Board to assign an approval number to all continuing education programs approved by the board. Require chiropractors to submit the approval numbers for the courses they attend to the Board.

Require program sponsors to provide the Chiropractic Examining Board with a list of attendees organized by program number. Define "program sponsors" as a program sponsored by the Wisconsin Chiropractic Association, the American Chiropractic Association, the International Chiropractors Association, a college of chiropractic approved by the Chiropractic Examining Board, or a college of medicine or osteopathy accredited by an agency recognized by the United States Department of Education.

Assembly/Legislature: Specify that, if a chiropractor waives all or a portion of a patient's copayment, coinsurance, or deductibles due to the chiropractor, the chiropractor may not seek payment from the insurer for any portion of that waived amount, *unless the claim for the services related to the copayment, coinsurance or deductible are reduced by an equal amount.* Specify that if this provision is violated, that the chiropractor must refund the insurer for all payments received from the insurer on the day on which the patient's payment was waived or reduced *or* for the course of treatment for which the patient's payment was waived or reduced.

Veto by Governor [C-16 and C-17]: Delete provision that would have prohibited the Chiropractic Examining Board from granting a credential to an applicant unless the applicant provides a form that certifies that they have not defaulted on any loans used to finance their education. Delete provision that would have specifically defined and prohibited sexual misconduct with patients by chiropractors and specified penalties for violation of this provision.

Delete provision that would have set fees for chiropractic technicians and chiropractic radiological technicians. The effect of that veto is to specify that fees for these professions

would be set by rule rather than by statute. [The veto eliminated a specific fee for and agency revenues from chiropractic technicians and chiropractic radiological technicians fees (\$6,000 GPR-Earned and \$53,600 PR-REV annually). On June 29, 2009, the Joint Committee on Finance approved fees for these professions by rule at the same level as was approved by the Legislature under AB 75, effectively creating no change to the expected agency revenues from credential fees for the 2009-11 biennium.]

[Act 28 Sections: 226, 226m, 2994eg, 2994er, 2994mnag, 2994mnar, 2995ib, 2995ibm, 2995ic, 2995icm, 2995id, 2995idm, 2995ie, 2995iem, 2995ifm, 2995ig, 2995igm, 2995ihm, 2995ii, 2995iim, 2995ij, 2995ijm, 2995ik, 2995ikm, 2995iL, 2995iLm, 2995im, 2995imm, 2995in, 2995io, 2995iom, 9142(1f)&(1g), 9342(1m), and 9442(1f)&(1g)]

[Act 28 Vetoed Sections: 2994mnag, 2994mnar, 2995iem, 2995if, 2995inm, 2995iom, 2995ip, 2995ipm, and 2995ir]

12. FEE SETTING [LFB Paper 671]

Joint Finance/Legislature: Require the Department to set fees by statute and delete DRL's authority to set fees by rule, beginning with the 2011-13 biennium. Specify that DRL would have to make recommendations for initial and renewal fees for the 2011-13 biennium based on time-keeping data that allocates DRL staff time devoted to each credential.

Veto by Governor [C-17]: Delete provision.

[Act 28 Vetoed Sections: 2478c, 2994a, 2994b, 2994c, 2994d, 2994e, 2994f, 2994g, 2994h, 2994i, 2994j, 2994k, 2994L, 2994m, 2994mg, 2994mh, 2994mi, 2994mj, 2994mk, 2994mn, 2994mnb, 2994mnf, 2994mnk, 2994mnp, 2994mns, 2994mnw, 2994mp, 2994mr, 2994mu, 2994mx, 2994ng, 2994nr, 2994o, 2994p, 2995ca, 2995cb, 2995cc, 2995cd, 2995ce, 2995cf, 2995cg, 2995ch, 2995ci, 2995cj, 2995ck, 2995cL, 2995cm, 2995cn, 2995co, 2995cp, 2995cq, 2995cr, 2995cs, 2995ct, 2995cu, 2995cv, 2995cw, 2995cx, , 2995d, 2995dg, 2995dr, 2995e, 2995eg, 2995er, 2995f, 2995fg, 2995fr, 2995g, 2995gg, 2995gr, 2995h, 2995hg, 2995hr, 2995i, 2995iam, 2995ih, 2995j, 2995jg, 2995jr, 2995k, 2995kg, 2995kr, 2995L, 2995Lg, 2995Lr, 2995m, 2995mg, 2995mr, 2995n, 2995ng, 2995nr, 2995o, 2995og, 2995or, 2995p, 2995pg, 2995pr, 2995q, 2995qg, 2995qr, 2995r, 2995rg, 2995rr, 2995s, 2995sg, 2995sr, 2995t, 2995tg, 2995tr, 2996f, 2996fm, 2996fn, 2996fo, 2996fp, 2996fq, 2996g, 2996h, 2996i, 2996j, 2996k, 9142(2u), and 9442(1q)].

13. NURSE SURVEY AND ALLOCATIONS TO NURSING CENTER

PR	\$20,000
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Joint Finance/Legislature: Require the Department of Workforce Development (DWD) to develop a survey that would evaluate nursing supply, demand, and turnover and help determine whether there are regional nursing shortages, specialty shortages, or impediments to entering the nursing field. Require the Department of Workforce Development to submit this survey to the Department of Regulation and Licensing by October 1, of each odd-numbered

year.

Define "nurses," under this provision, to include registered nurses, nurse-midwives, licensed practical nurses, and advanced practice nurse prescribers.

Require the Department of Regulation and Licensing to set standards for determining whether a form has been completed. Require the Department of Regulation and Licensing to assess a surcharge on all nursing credential renewals of \$4. Specify that this fee would not be subject to the current law requirement that 10% of renewal fee revenue be deposited into the general fund. Specify that the Department of Regulation and Licensing may keep a total of \$10,000 PR annually of the revenue for its administrative expenses relating to the survey.

Require the Department to include the nursing survey in all of its nursing applications. Require nurses who are filing for a credential renewal to complete a survey on potential nursing shortages. Specify that the Department of Regulation and Licensing may not provide a credential renewal to nursing applicants unless the survey has been completed.

By June 30, 2011, and each subsequent odd-numbered year require the Department of Regulation and Licensing to transfer all remaining revenues related to the additional fee to DWD. Provide an estimated \$172,900 PR annually under a newly created PR-continuing appropriation in DWD. Specify that, of the amounts provided to the Department of Workforce Development, that 12% would be provided under supplies and services to cover the Department's costs for compiling and processing the survey data. Require the Department of Workforce Development to compile the survey results and report on the findings to the Governor, the Senate President, the Speaker of the Assembly, the Department of Health Services, the Board on Nursing, and a statewide nursing center by September 30, 2011, and each subsequent odd-numbered year.

Specify that the remaining 88% would be used to provide grants to a statewide nursing center. Specify that the grants must be awarded to a not-for-profit nurse resource center that is comprised of and led by nurses. Specify that the nurse resource center must demonstrate coordination with relevant nursing constituents, including professional nursing organizations, groups representing nursing educators, staff nurses, nurse managers or executives and labor organizations representing nurses, and relevant state agencies and Legislators.

Specify that the nurse resource center must use the grants to develop strategies to ensure that there is an adequate nursing work force to meet the current and future health care needs of the citizens of the state of Wisconsin. Specify that the grants may be used to fund the activities that include, but are not limited to, the following: (a) monitor and validate trends in the applicant pool for programs in nursing; (b) evaluate the effectiveness of nursing education, including the interaction amongst nursing schools to ensure a uniform education and the transferability of student credits, to increase access to nursing education and enhance career mobility, especially for populations that are under-represented in the nursing profession; and (c) facilitate partnerships between the nursing community and other health care providers, licensing authority, business and industry, consumers, legislators, and educators to achieve policy consensus, promote diversity within the profession, and enhance nursing career mobility

and nursing leadership development.

Veto by Governor [C-22]: Delete the specific month and date on which the survey would be submitted to DRL, so that the form would have to be submitted by DWD to DRL in "each odd-numbered year."

[Act 28 Sections: 228h, 518h, 2207t, 2995cy, 2995dc, 2995de, 2995dt, and 2995ed]

[Act 28 Vetoes Section: 2207t and 2995cz]

14. PHARMACY DUTY TO FULFILL PRESCRIPTIONS

Joint Finance/Legislature: Specify that every pharmacy, as defined under Chapter 450 of the statutes, would have the duty to dispense lawfully prescribed contraceptive drugs or devices and to deliver contraceptive drugs and devices restricted to distribution by pharmacies to a patient without delay except in the following circumstances: (a) prescriptions contain an obvious or known error, inadequacies in the instructions, known contraindications, or incompatible or illegal prescriptions; or (b) the prescription is potentially fraudulent.

Define "contraceptive drugs or devices" as any drug or device approved by the U.S. Food and Drug Administration that is used to prevent pregnancy, including contraceptive drugs and devices restricted to distribution by pharmacies. Define "without delay" as within the usual and customary timeframe reasonably expected at a pharmacy for dispensing or distributing any other prescription.

Specify that none of the above requirements abrogates a pharmacist's legal and ethical obligations to comply with Wisconsin law. Specify that whoever violates this provision is subject to a fine of not less than \$250 nor more than \$2,500 for each violation.

Specify that if the Department of Health Services (DHS) receives a complaint that a hospital pharmacy has violated these provisions regarding a pharmacy's duty to dispense lawfully prescribed contraceptive drugs or devices, DHS shall refer that complaint to DRL for investigation.

[Act 28 Sections: 1419c and 2995nd]

REVENUE

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$186,921,000	\$181,795,600	\$188,363,600	\$188,363,600	\$188,363,600	\$1,442,600	0.8%
PR	29,314,800	31,357,800	29,480,300	29,480,300	29,480,300	165,500	0.6
SEG	<u>147,853,800</u>	<u>141,726,200</u>	<u>140,864,500</u>	<u>140,864,500</u>	<u>140,864,500</u>	<u>- 6,989,300</u>	- 4.7
TOTAL	\$364,089,600	\$354,879,600	\$358,708,400	\$358,708,400	\$358,708,400	- \$5,381,200	- 1.5%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	896.38	863.73	892.73	892.73	892.73	- 3.65
PR	102.60	106.50	106.50	106.50	106.50	3.90
SEG	<u>120.85</u>	<u>114.20</u>	<u>115.20</u>	<u>115.20</u>	<u>115.20</u>	<u>- 5.65</u>
TOTAL	1,119.83	1,084.43	1,114.43	1,114.43	1,114.43	- 5.40

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of \$3,066,200 GPR, -1.00 GPR position, and \$315,500 SEG annually, and \$315,600 PR in 2009-10 and \$323,200 PR in 2010-11 as standard budget adjustments. Adjustments are for: (a) turnover reduction (-\$1,445,300 GPR and -\$126,000 SEG annually); (b) removing non-continuing elements from the base (-\$122,100 GPR, -1.0 GPR position, and -\$212,000 SEG annually); (c) full funding of salaries

	Funding	Positions
GPR	\$6,132,400	- 1.00
PR	638,800	0.00
SEG	<u>631,000</u>	<u>0.00</u>
Total	\$7,402,200	- 1.00

and fringe benefits (\$4,078,000 GPR, \$239,500 PR, and \$615,700 SEG annually); (d) reclassifications (\$24,000 PR in 2009-10 and \$31,600 PR in 2010-11); (e) full funding of lease costs and directed moves (\$555,600 GPR, \$52,100 PR, and \$37,800 SEG annually); and (f) minor transfers within the same alpha appropriation.

2. ACROSS-THE-BOARD 1% REDUCTIONS

Governor/Legislature: Delete \$934,700 GPR, \$142,500 PR, and \$248,700 SEG annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

GPR	- \$1,869,400
PR	- 285,000
SEG	- 497,400
Total	- \$2,651,800

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations - state tax administration	\$49,659,800	-\$496,600
PR	County sales tax administration	3,512,900	-35,100*
PR	Cigarette tax stamps	261,700	-2,600*
PR	Business tax registration	1,656,400	-16,600*
PR	Administration of baseball park district taxes	474,700	-4,700
PR	Administration of football stadium district taxes	145,900	-1,500*
PR	Administration of resort tax	23,900	-200*
PR	Administration of exhibition district taxes	199,500	-2,000
PR	Debt collection	468,400	-4,700*
PR	Liquor/alcohol tax administration/enforcement	1,149,800	-11,500*
PR	Administration of targeted delinquent tax collections	603,200	-6,000*
PR	Administration of voluntary checkoffs	30,000	-300*
SEG	Recycling surcharge administration	220,000	-2,200*
SEG	Administration of rental vehicle fee	38,700	-400*
SEG	Administration of dry cleaner fees	61,300	-600*
SEG	Petroleum inspection fee collection	167,400	-1,700*
SEG	Motor fuel tax administration	1,522,200	-15,200
GPR	General program operations - state/local finance	8,986,600	-89,900
GPR	Integrated property assessment system technology	2,701,600	-27,000
PR	Manufacturing property assessment	1,340,800	-13,400
PR	Municipal financial report compliance	40,300	-400*
PR	Reassessments	635,500	-6,400
PR	TIF administration	128,500	-1,300*
SEG	Railroad/air carrier tax administration	223,200	-2,200
SEG	Lottery credit administration	288,400	-2,900*
GPR	General program operations - department administration	27,777,800	-277,800
GPR	Integrated tax system technology	4,259,700	-42,600
GPR	Expert professional services	75,000	-800
PR	Department services	98,200	-1,000*
PR	Reciprocity agreement/publications MN	201,100	-2,000*
PR	Internal services	3,275,000	-32,800
SEG	General program operations - lottery	22,350,000	-223,500

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. FUNDING AND POSITION REDUCTIONS [LFB Paper 175]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$9,345,800	-29.65	\$4,983,400	0.00	-\$4,362,400	-29.65
PR	-13,000	-0.10	0	0.00	-13,000	-0.10
SEG	<u>-814,000</u>	<u>-6.65</u>	<u>0</u>	<u>0.00</u>	<u>-814,000</u>	<u>-6.65</u>
Total	-\$10,172,800	-36.40	\$4,983,400	0.00	-\$5,189,400	-36.40

Governor: Delete \$4,672,900 GPR, 29.65 GPR positions, \$6,500 PR, 0.10 PR position, \$407,000 SEG, and 6.65 SEG positions annually to eliminate vacant positions and related funding and to reduce funding for supplies and services and permanent property. The annual reductions, by appropriation, are shown below:

- a. General program operations--administration of state taxes. Delete \$2,262,700 GPR and 16.55 GPR positions.
- b. Administration of county sales and use tax. Delete \$6,500 PR and 0.10 PR position.
- c. Motor fuel tax administration. Delete \$41,100 SEG and 1.00 SEG position.
- d. General program operations--state and local finance. Delete \$630,700 GPR and 5.40 GPR positions.
- e. Integrated property assessment system technology. Delete \$72,000 GPR.
- f. General program operations--department administration. Delete \$1,591,800 GPR and 7.70 GPR positions.
- g. Integrated tax system technology. Delete \$113,600 GPR
- h. Expert professional services. Delete \$2,100 GPR.
- i. General program operations--lottery. Delete \$365,900 SEG and 5.65 SEG positions.

Joint Finance/Legislature: Restore \$2,491,700 GPR annually to adjust various appropriation funding levels to reflect a redistribution of funding reductions among agency appropriations. The annual amounts of funding restored, by appropriation, are shown below:

General program operations -- state tax administration	\$1,323,900
General program operations --state and local finance	239,500
Integrated property assessment system technology	72,000
General program operations -- department administration	740,600
Integrated tax system technology	113,600
Expert professional services	<u>2,100</u>
Total	\$2,491,700

4. MINOR TRANSFERS BETWEEN APPROPRIATIONS

GPR	- \$71,800
PR	67,600
SEG	<u>4,200</u>
Total	\$0

Governor/Legislature: Delete \$35,900 GPR and provide \$33,800 PR and \$2,100 SEG annually to reflect to following: (a) reallocation of 2005 Wisconsin Act 25 across-the-board appropriation reductions across all GPR appropriations; (b) position transfers between agency divisions; and (c) reallocation of space rental and purchasing costs to appropriations based on positions and actual costs.

5. STATE LEGAL SERVICES

	Governor (Chg. to Base) Positions	Jt. Finance /Leg. (Chg. to Gov) Positions	Net Change Positions
GPR	- 1.00	- 1.00	- 2.00

Governor: Delete 1.0 attorney position. Transfer \$64,800 GPR from salary and fringe benefits to supplies and services for services of a newly-created Division of Legal Services at the Department of Administration. Specify that the Division of Legal Services may provide legal services to state agencies and is required to assess agencies for services. Specify that "state agencies" includes an office, commission, department, independent agency, or board in the executive branch including the Building Commission but excluding the Department of Justice and the Department of Public Instruction. [See "Administration -- Transfers to the Department."]

Joint Finance: Include provision and delete an additional 1.0 support staff position and transfer \$49,800 from salary and fringe benefits to supplies and services for services from the Division of Legal Services. Specify that DOA may only provide legal services, and charges for those services for agencies in which the Governor appoints the departmental secretary (cabinet agencies).

Senate: Delete provision.

Conference Committee/Legislature: Restore Joint Finance provision.

[Act 28 Sections: 31, 48, and 560]

6. AGENCY 5.135% BUDGET REDUCTIONS

GPR	- \$4,498,400
PR	- 1,504,800
SEG	<u>- 229,400</u>
Total	- \$6,232,600

Joint Finance/Legislature: Delete \$3,116,300 (all funds) annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. The reductions include \$2,249,200 GPR, \$752,400 PR, and \$114,700 SEG. Annual reduction amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Administration of county sales and use taxes	\$3,512,900	-\$180,400
PR	Cigarette tax stamps	261,700	-13,400
PR	Business tax registration	1,656,400	-85,100
PR	Administration of special district taxes	474,700	-24,400
PR	Administration of local professional football stadium districts	145,900	-7,500
PR	Administration of resort tax	23,900	-1,200
PR	Administration of local taxes	199,500	-10,200
PR	Debt collection	468,400	-24,100
PR	Administration of liquor tax and alcohol beverages enforcement	1,149,800	-59,000
PR	Collections by the department	603,200	-31,000
PR	Collections from the financial record matching program (created in AB 75)	N.A.	-20,900
PR	Administration of income tax checkoff voluntary payments	30,000	-1,500
SEG	Recycling surcharge administration	220,000	-11,300
SEG	Administration of rental vehicle fee	38,700	-2,000
SEG	Administration of dry cleaner fees	61,300	-3,100
SEG	Petroleum inspection fee collection	167,400	-8,600
SEG	Motor fuel tax administration	1,522,200	-78,200
GPR	General program operations	8,986,600	-461,500
GPR	Integrated property assessment system technology	2,701,600	-138,700
PR	Manufacturing property assessment	1,340,800	-68,900
PR	Municipal finance report compliance	40,300	-2,100
PR	Reassessments	635,500	-32,600
PR	Administration of tax incremental financing program	128,500	-6,600
SEG	Railroad and air carrier tax administration	223,200	-11,500
GPR	General program operations	27,777,800	-1,426,400
GPR	Integrated tax system technology	4,259,700	-218,700
GPR	Expert professional services	75,000	-3,900
PR	Services	98,200	-5,000
PR	Reciprocity agreement and publications	201,100	-10,300
PR	Internal services	3,275,000	-168,200

7. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$1,280,600 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$1,049,800 GPR, \$108,500 PR, and \$122,300 SEG.

GPR	- \$2,099,600
PR	- 217,000
SEG	- 244,600
Total	- \$2,561,200

8. STATE EMPLOYEE FURLOUGH

Joint Finance/Legislature: Delete \$1,962,100 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$1,608,700 GPR, \$166,000 PR, and \$187,400 SEG.

GPR	- \$3,217,400
PR	- 332,000
SEG	- 374,800
Total	- \$3,924,200

Tax Administration

1. INFORMATION TECHNOLOGY SYSTEM FUNDING

GPR	\$134,200
PR	159,300
SEG	<u>207,200</u>
Total	\$500,700

Governor: Provide \$45,500 GPR, \$78,300 PR, and \$178,600 SEG in 2009-10, and \$88,700 GPR, \$81,000 PR, and \$28,600 SEG to fund master lease costs and improvements to the Wisconsin Income Processing and Audit System (WINPAS). The funding would be used for continued implementation and upgrading of the WINPAS information technology system that is used by the Department of Revenue (DOR) to administer the state income and franchise taxes, and for equipment replacement and service charges. Additional funding would be used to incorporate the estate, liquor, resort, and exposition district taxes and the dry cleaner, rental vehicle, and regional transit authority fees into the system. In addition, the motor fuel tax administration appropriation would be modified to authorize funding for administering the oil company profits tax and to provide \$150,000 SEG in 2009-10 for that purpose.

Senate/Legislature: Delete the statutory modification to the motor fuel tax appropriation.

2. DEBT OFFSET PROGRAM EXPANSION [LFB Paper 680]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$2,834,000	0.00	-\$1,305,500	0.00	\$1,528,500	0.00
GPR	-\$105,000	-1.00	\$0	0.00	-\$105,000	-1.00
PR	<u>755,600</u>	<u>1.00</u>	<u>-354,100</u>	<u>0.00</u>	<u>401,500</u>	<u>1.00</u>
Total	\$650,600	0.00	-\$354,100	0.00	\$296,500	0.00

Governor: Provide expenditure authority of \$286,500 PR in 2009-10, \$469,100 PR in 2010-11, and 1.0 PR position beginning in 2009-10, and delete \$52,500 GPR and 1.0 GPR position annually to fund expanded activities in the Department's debt setoff program. The specific program provisions would include the following:

a. Provide increased expenditure authority of \$121,600 PR in 2009-10, \$103,500 PR in 2010-11, and 1.0 PR position beginning in 2009-10, and delete \$52,500 GPR and 1.0 GPR position annually to transfer the funding source for an administrative position from the general fund to DOR's debt collection appropriation and for increased and expanded setoff activities.

b. Provide expenditure authority of \$164,900 PR in 2009-10 and \$365,600 PR in 2010-11 to administer a debt collection initiative under which DOR would collect nontax debt for all state agencies. The Department of Revenue would be required to enter into a written agreement to have the Department collect any amount owed to a state agency that is more than 90 days past due, unless negotiations between the agency and debtor were actively ongoing, the debt

was the subject of legal action or administrative proceedings, or the agency determined that the debtor was adhering to an acceptable payment arrangement. Agreements would be required to be completed by July 1, 2010, except an agreement could allow a delay or phase-in of referrals. At least 30 days before the Department pursued collection of any debt referred by a state agency, either DOR or the agency would be required to provide the debtor with a written notice that the debt will be referred to DOR for collection. DOR would be authorized to collect amounts owed, pursuant to the written agreement, from the debtor in addition to offsetting the amounts against tax refunds, as provided under current law. If the debtor owed debt to DOR and to other state agencies, payments would first apply to debts owed to DOR, and then to debts owed to the state agencies, in the order in which the debts were referred to DOR. DOR would charge each debtor whose debt was subject to collection an amount for administrative expenses and that amount would be credited to the Department's debt collection appropriation.

DOR would also be authorized (rather than required) to enter into such agreements with the courts, the Legislature, authorities, and local units of government. Payments received by DOR under an agreement would first apply to any debts owed to DOR, and then to any debts owed to the state agencies, before being applied to debts owed to the courts, the Legislature, authorities, or local units of government.

"Debt" would mean any amount owed to a state agency and collected by DOR pursuant to a written agreement described above, if the debt has been reduced to a judgment or if the state agency or DOR has provided the debtor reasonable notice and an opportunity to be heard with regard to the amount owed.

The Secretary of Revenue could waive the referral of certain types of debt. The Department's determination that a debt was not collectable would not prevent the referring agency from taking additional collection actions.

DOR would be authorized to collect debts and assess interest on delinquent amounts in the same manner that it collects taxes and assesses interest under state income and franchise tax administrative provisions. DOR would also be authorized to use tax returns and related information to collect debts.

c. Authorize DOR to enter into agreements with the Internal Revenue Service (IRS) to offset state payments, except tax refunds, against federal nontax debts, if the IRS offset federal payments against state tax and nontax obligations. DOR could charge a fee of up to \$25 per transaction. These setoffs would be lower in priority than setoffs for obligations owed DOR, state agencies, and municipalities. This provision would take effect on the first day of the 14th month beginning after publication of the budget bill. [DOR estimates that this provision would generate \$500,000 annually, once fully implemented. However, these revenues have not been included in the bill's general fund condition statement.]

d. Delete the current requirement regarding setoffs of state agency debts against tax refunds that, before deducting an amount owed from a tax refund, DOR must first check with the state agency certifying the debt to determine whether the debt has been collected by other

means.

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, forfeitures, and delinquent property taxes. The Department is allowed to enter into agreements with the 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. 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. DOR is also authorized to enter into agreements with federally-recognized Indian tribes in Wisconsin to offset state tax refunds against tribal obligations, and to charge a fee of up to \$25 for each transaction for such setoffs. In general, costs of the debt collection activities are funded by fees charged to the debtor, and amounts collected are placed in the Department's debt collection appropriation. Base level expenditure and position authority for the debt collection appropriation is \$468,400 PR and 5.50 PR positions.

Joint Finance/Legislature: Modify provisions as follows:

- a. Delete the expenditure authority of \$88,500 in 2009-10 and \$265,600 in 2010-11 to implement and administer the debt collection initiative. Require DOR to submit a request under s. 16.515 that would include a detailed plan for implementing the program, including a listing of agencies that would participate in the program, an estimate of debt collections, and the fees that would be charged debtors.
- b. Require that payments collected by DOR from debtors under written agreements with state agencies, the courts, the Legislature, and statutory authorities would first apply to any debts owed to the Department, and then to those other entities in the order in which the debts were referred to the Department.
- c. Modify the provision in Assembly Bill 75 regarding agreements with the IRS as follows: (1) provide that DOR could make the agreements with the U.S. Department of Treasury, rather than the Internal Revenue Service; (2) authorize the Department of Treasury to deduct a fee for each offset; (3) clarify that tax payments may be offset; (4) define administrative offset as any offset payment of federal payments to collect state debt; and (5) define state payment offset as offset of state payments to collect federal non-tax debts.
- d. Reestimate the lapse from the debt collection appropriation to be \$772,700 in 2009-10 and \$755,800 in 2010-11. This reduces the estimated lapse by \$626,500 in 2009-10 and \$679,000 in 2010-11 compared to the bill.

[Act 28 Sections: 1805 thru 1808, 1811, 1812, 1815d, 3224 thru 3226, and 9443(6)]

3. FINANCIAL RECORD MATCHING PROGRAM [LFB Paper 681]

	Governor (Chg. to Base)		Legislature (Chg. to Gov)		Veto (Chg. to Leg)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions	Funding	Positions
GPR-REV	\$18,882,000	0.00	-\$1,700,000	0.00	\$1,700,000	0.00	\$18,882,000	0.00
PR	\$611,800	3.00	\$0	0.00	\$0	0.00	\$611,800	3.00

Governor: Provide expenditure authority of \$208,900 PR in 2009-10 and \$402,900 PR in 2010-11, and 3.00 PR positions beginning in 2009-10 to implement and administer a financial record matching program for the collection of delinquent state taxes. Under the financial record matching program, financial institutions, through an agreement with DOR, would provide specified information for each taxpayer who had an account at the institution and was identified as owing delinquent state taxes. There would be two options available to financial institutions for conducting data matches which would be done at least quarterly:

a. *Financial Institution Matching Option.* Under this option, DOR would provide to the financial institution, at least quarterly, the names and social security numbers or federal employer identification numbers of delinquent debtors. The financial institution would be required to match this information against all accounts maintained at the financial institution. The financial institution would notify DOR of the name, social security or federal employer identification number, address, account number, account type, and account balance of any person with ownership interest in any account that matched any name or number provided by the Department. The notice would be provided in a manner specified by DOR by rule, or by agreement between the Department and the financial institution.

b. *State Matching Option.* Under this option, the financial institution would be required to provide to DOR, at least quarterly, the name, social security or federal employer identification number, address, account number, account type, and account balance of all persons who had an ownership interest in all accounts maintained at the financial institution. DOR would match the information provided with its database of delinquent debtors. The Department could not disclose or retain information received from the financial institution concerning account holders who were not delinquent debtors.

DOR would be required to promulgate rules that specified procedures for entering into financial records matching agreements with financial institutions. The information provided under each of the matching options would have to be provided by electronic data exchange in a manner specified by DOR by rule, or by agreement between the Department and the financial institution. If the financial institution requested reimbursement, DOR would be required to reimburse a financial institution for costs associated with participating in the financial record matching program in an amount not to exceed \$125 for each calendar quarter that the institution participated in the program.

A financial institution participating in the financial institution matching option and the employees, agents, officers, and directors of the financial institution, could only use any information provided by DOR for the purpose of administering the matching program, and

would be subject to the confidentiality provisions of state tax law. Any person violating this provision could be fined not less than \$25 nor more than \$500, or imprisoned in the county jail for not less than 10 days nor more than one year or both. A financial institution that provided information under either of the data matching options would not be liable to any person for disclosing information to DOR or for any other action that the financial institution took in good faith to comply with the provisions of the financial records matching program

A financial institution that failed to provide any information required under the financial records matching options, within 120 days from either the date that the information was due or from the date that the Department requested the information, would be subject to a \$100 penalty for each occurrence of the financial institution's failure to provide account information about an account holder. DOR would be authorized to commence civil proceedings to enforce the financial records matching program provisions if a financial institution failed to provide any required information after 120 days from either the date that the information was due, or from the date that the Department requested the information.

"Account" would mean a demand deposit account, checking account, negotiable withdrawal order account, savings account, time deposit account, or money market mutual fund account. "Financial institution" would have the same definition as that used for the child support financial institution matching program. "Ownership interest" would have a meaning specified by the Department by rule. "Person" would include any individual, firm, partnership, limited liability company, joint venture, joint stock company, association, public or private corporation, estate, trust, receiver, personal representative, and other fiduciary, and the owner of a single-owner entity that was disregarded as a separate entity for income tax purposes.

The program would be funded by a newly-created program revenue appropriation. The source of revenue for the appropriation would be delinquent taxes and other debts collected through the program.

The financial record matching program would take effect on the first day of the sixth month beginning after publication of the bill. DOR estimates that the program would generate \$6,289,000 in 2009-10 and \$12,593,000 in 2010-11 in additional state revenues over and above the costs of implementing the program.

Under current law, the Department of Children and Families administers a financial record matching program to collect past-due child support payments.

Joint Finance: Include provisions, but eliminate the state matching option for matching records, and require that only the financial institutions matching option for matching records be used to match the records of delinquent taxpayers.

Assembly: Exempt financial institutions with less than \$10 million in assets from the DOR financial records matching program. This would reduce GPR revenues by an estimated \$750,000 in 2009-10 and \$1,500,000 in 2010-11 and thereafter.

Senate: Delete Assembly modification.

Conference Committee/Legislature: Exempt financial institutions with less than \$5 million in assets from the DOR financial records matching program. This would increase GPR revenues by an estimated \$150,000 in 2009-10 and \$400,000 in 2010-11 and thereafter compared to the Assembly provision.

Veto by Governor [F-6]: Delete the requirement that DOR provide information about delinquent taxpayers to financial institutions, and that financial institutions match this information against their accounts, and provide information about delinquent taxpayer accounts to DOR. In his veto message, the Governor indicates that the remaining statutory language allows DOR to promulgate rules for administering the program and acquiring information from financial institutions related to delinquent taxpayer accounts. In addition, the Governor's partial veto deletes the exclusion from the financial records matching program for financial institutions with less than \$5 million in assets. Compared to the enrolled bill, this will increase GPR revenues by an estimated \$600,000 in 2009-10 and \$1,100,000 in 2010-11 and thereafter. Total GPR revenues generated by the program would be \$6,289,000 in 2009-10 and \$12,593,000 in 2010-11, the same as in the bill recommended by the Governor.

[Act 28 Sections: 602, 1804, and 9443(7)]

[Act 28 Vetoed Section: 1804]

4. 2007 ACT 85 ENFORCEMENT COSTS

PR	\$27,900
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Governor/Legislature: Provide expenditure authority of \$15,500 in 2009-10 and \$12,400 in 2010-11 to fund LTE costs associated with enforcing modifications to the statewide three-tier regulation system for alcohol beverage production, distribution, and sales, enacted by 2007 Wisconsin Act 85.

DOR administers and enforces the state liquor and alcohol beverage taxes, and provisions regulating the sale and distribution of alcohol. Funding for administration and enforcement is provided through a program revenue appropriation that is funded by a per gallon administrative fee. Under 2007 Wisconsin Act 85, the reciprocal agreement system for authorizing interstate wine shipments directly to consumers in the state was replaced with a new permit system available for both interstate and intrastate shipments of wine directly to consumers. DOR was required to issue direct wine shipper's permits to authorize such shipments. Authority of wineries, manufacturers, and rectifiers to sell wine at wholesale to retailers was eliminated. Wineries may only sell wine to a wholesaler. Manufacturers and rectifiers may only sell intoxicating liquor, including wine, to wholesalers, wineries, and other manufacturers and rectifiers. Persons holding out-of-state shipper's permits may sell to manufacturers, wineries, or rectifiers, under certain circumstances. DOR was provided 1.0 PR position to administer these provisions. New permit fees were placed in the liquor and alcoholic beverage tax administration appropriation.

5. STREAMLINED SALES TAX PROJECT BOARD DUES

PR	\$80,000
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Governor/Legislature: Provide \$40,000 annually for dues necessary to participate in the governing board of the multistate Streamlined Sales Tax Project. The source of program revenue for the appropriation is certain amounts of sales taxes collected under the Streamlined Sales and Use Tax Agreement (SSUTA).

Under the provisions of 2009 Wisconsin Act 2, the state sales and use tax laws were modified to conform with the provisions of the SSUTA. The SSUTA is a multistate agreement that is the product of the Streamlined Sales Tax Project, an effort begun by state revenue departments in March, 2000. The Project's goal is to simplify and modernize sales and use tax administration in the hope that out-of-state businesses without a requirement to collect sales tax will, as a result, voluntarily agree to collect the tax.

Act 2 requires and authorizes DOR to participate as a member state of the Project's governing board, which administers the SSUTA, and to pay the dues necessary to participate in the governing board. Act 2 created a sum-sufficient appropriation, funded by SSUTA collections, to pay the Department's dues.

6. ADMINISTRATION OF PAYMENTS FOR MUNICIPAL SERVICES PROGRAM

Governor: Transfer responsibility for administering the payments for municipal services program from the Department of Administration to the Department of Revenue, beginning with payments made in 2009.

The payments for municipal services (PMS) program was established in 1973. Through this program, the state provides annual payments to reimburse municipalities for all or a portion of property tax supported expenses incurred in providing services to state facilities, which are exempt from property taxation. Payments are made for fire and police protection, extraordinary police services, garbage and trash collection and disposal, and other approved direct services. Municipal services such as water, sewer, and electrical power that are financed in whole, or in part, by special charges or user fees must be paid for by the state agency responsible for the facility receiving the services. In 2008-09, \$21,998,800 will be paid by the state through the PMS program.

Joint Finance/Legislature: Delete provision.

7. INTEREST WAIVER FOR DISASTERS

Governor/Legislature: Provide that interest on unpaid individual income or corporate income and franchise taxes, or interest that would otherwise be due for underpayment of estimated taxes, would not be imposed, if the taxpayer was granted an extension in filing an income or franchise tax return due to a presidentially declared disaster or terroristic or military action under federal law. Interest on late payments of withholding taxes would not be imposed

on a pass-through entity that was granted a federal extension in filing an income tax return due to a presidentially declared disaster or terroristic or military action. The interest exclusion would apply during the extension period and for 30 days after the end of the federal extension period.

DOR would be authorized to extend, for up to one month, the period for submitting a withholding tax return or paying any required amount of withholding taxes by employers. The extension could be granted at any time, if the extension request was filed with DOR within or before the period for which the extension was requested.

These provisions would first apply to tax years beginning after December 31, 2008.

Under current law, any extension for filing a return granted under federal law or by the IRS applies for state individual income tax purposes. Corporations are allowed an automatic extension of seven months or an extension until the original due date of the corporation's corresponding federal return, whichever is later. Any extension of time granted by federal law or by the IRS for filing corresponding federal returns extends the time for filing to 30 days after the federal due date, if the corporation reports the extension in a manner specified by DOR on the return. Income or franchise taxes payable upon the filing of the tax return do not become delinquent during the extension period, but are subject to interest at the rate of 12% per year during such period.

Employers are required to pay withholding taxes on a monthly, annual, or quarterly basis. Underpayment of estimated taxes is generally subject to interest at the rate of 12% per year on the amount of underpayment. Similarly, underpayment of withheld taxes by pass-through entities is subject to interest on the amount of underpayment at 12% a year.

[Act 28 Sections: 1536, 1590, 1618, 1636, 1668, 1700, 1701, 1778, 1783, and 9343(12)]

8. INTERNET POSTING OF REVOKED SELLER'S PERMIT [LFB Paper 682]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$0	\$400,000	\$400,000

Governor: Require DOR to post on the Internet a list of every person who has had a seller's permit revoked. The Internet site would have to list the real name, business name, address, revocation date, type of tax due, and amount due, including interest, penalties, fees, and costs, for each person who had a seller's permit revoked under state sales tax law. DOR would be required to update the Internet site periodically to add revoked permits and to remove permits that were no longer revoked, or for which the permit holder had made sufficient arrangements with the Department so that the permit holder could be issued a monthly seller's permit. The Department would have to update the Internet site quarterly to remove revoked permits for entities that have been out of business for at least one year. These

provisions would take effect on the first day of the second calendar quarter beginning after publication of the bill. [DOR estimates that this provision would increase sales tax revenues by \$230,000 annually. However, these revenues were not included in the bill's general fund condition statement.]

Currently, DOR maintains a list of certain delinquent taxpayers on the Internet.

Joint Finance/Legislature: Include provision and estimate additional sales tax revenues of \$170,000 in 2009-10 and \$230,000 in 2010-11 due to the posting.

[Act 28 Sections: 1814 and 9443(1)]

9. TRIBAL TAX REFUND AND SHARING AGREEMENTS [LFB Paper 683]

Governor/Legislature: Authorize DOR to enter into agreements with federally recognized American Indian tribes or bands in this state to collect, remit, and provide refunds of the following state taxes for activities that occur on tribal lands or are undertaken by tribal members outside of tribal lands: (a) individual income taxes; (b) withholding taxes; (c) sales and use taxes; (d) motor vehicle fuel taxes; and (e) alcoholic beverage taxes.

All tax and financial information disclosed during negotiations, or exchanged pursuant to a final agreement, between DOR and a federally recognized American Indian tribe or band in this state would be subject to state income and sales tax confidentiality provisions. The Department would be required to submit a copy of each agreement negotiated to the Joint Committee on Finance no later than 30 days after the agreement was signed by the Department and the tribe or band. The fiscal effect of this provision would depend upon the terms of the agreements.

Under current law, DOR is authorized to enter into agreements to refund, to the tribal council having jurisdiction, cigarette and tobacco products taxes collected on the reservation or trust land on which the sale is made if certain conditions are met.

[Act 28 Section: 1815]

10. ELECTRONIC FILING INCENTIVES [LFB Paper 684]

Governor: Modify statutory provisions related to electronic filing of tax returns as follows:

a. Provide that, if a person is required to file 50 or more wage statements or 50 or more of any one type of information return with DOR, the person would be required to file the statements or the returns electronically, by means prescribed by the Department. If a person failed to file a statement or returns electronically, as required by DOR, a penalty of \$10 for each case of noncompliance could be imposed.

b. Create a penalty for failure to electronically file an individual income tax return. If any tax return preparer or tax preparation entity that the Department required, by rule, to electronically file individual income tax returns prepared by the preparer or entity, failed to electronically file one or more returns, the tax return preparer or tax preparation entity would be subject to a \$50 penalty for each return that was not electronically filed. The Department would be required to waive a penalty if the tax return preparer or tax preparation entity showed that the violation resulted from a reasonable cause and not willful neglect.

c. For the purposes of filing the rental vehicle or dry cleaning fee, define "file" to mean mail or deliver a document that DOR prescribes to the Department, or to use another method of submitting or submit to another destination, if prescribed by the Department. This would allow DOR to require electronic filing of those fees.

These provisions would take effect on January 1, 2010, and would increase annual state revenues by a minimal amount due to penalty collections.

Under current law, if the IRS requires a person to file information returns or wage statements electronically for federal income tax purposes, the person is required to also file comparable state information returns or wage statements electronically with DOR. Under administrative rules, tax preparers or tax preparation entities are required to file individual income tax returns electronically, if the preparer or entity prepared 100 or more individual income tax returns in the prior year.

Joint Finance/Legislature: Delete the provisions that would: (a) establish a penalty for failure to electronically file wage statements and information returns; (b) create a penalty of \$50 for each individual income tax return any tax return preparer or tax preparation entity failed to file electronically, as required; and (c) authorize the Department of Revenue to require electronic filing for the rental vehicle and dry cleaning fees.

[Act 28 Sections: 1797 and 9443(3)]

11. LATE FILING FEES/PROVIDING SCHEDULES TO BENEFICIARIES, PARTNERS, OR SHAREHOLDERS [LFB Paper 685]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	\$0	\$900,000	\$900,000

Governor: Establish a standard late filing fee for individual income and corporate income and franchise tax returns of \$50 for each violation. Every fiduciary, partnership, or tax-option corporation required to file a tax return would also be required, on or before the due date of the return, including extensions, to provide a schedule to each beneficiary, partner, or shareholder, respectively, whose share of income, deductions, credits, or other items of the entity may affect the beneficiary's, partner's, or shareholder's tax liability. The schedule would have to separately

indicate the beneficiary's, partner's, or shareholder's share of each item. A person who was required to provide a schedule and failed to do so by the due date, including any extension, or that provided an incorrect or incomplete schedule, would be subject to a \$50 penalty for each violation. DOR would be required to waive the penalty if the person showed that a violation resulted from a reasonable cause and not from willful neglect. The federal extension period allowed for filing a partnership return (which varies from two to six months) would be adopted for state income tax purposes. These provisions would first apply to tax year 2010, and would increase annual penalty revenues by a minimal amount.

Under current law, late filing fees for tax returns are as follows: (a) \$30 for corporate income and franchise tax; (b) \$2, \$3, \$5, or \$30 (depending on net tax liability and actual date filed) for individual income tax; and (c) \$30 for partnerships.

Joint Finance/Legislature: Include provisions, but increase the late filing fee for corporate income and franchise tax returns to \$150. In addition, estimate the additional revenues from the increased late filing fees to be \$900,000 in 2010-11, and \$1,800,000 annually thereafter.

[Act 28 Sections: 1594 thru 1596, 1689, 1801 thru 1803, and 9343(5)]

12. PENALTIES FOR FAILURE TO PRODUCE RECORDS [LFB Paper 686]

Governor: Establish a penalty for failure to produce tax records or documents. Specifically, a person who failed to produce records or documents, as required under current law, that supported amounts or other information shown on any return required under state income, franchise, or sales taxes would be subject to any of the following penalties, as determined by the Department:

a. The disallowance of deductions, credits, or exemptions to which the requested records relate.

b. In addition to any penalty imposed under current law, a penalty for each violation that was equal to the greater of \$500 or 25% of the amount of any adjustment by the Department that results from the person's failure to produce the records.

The provision would increase annual state revenues by a minimal amount from additional penalties.

Under current law, DOR may examine or cause to be examined any books, records, papers, proof material, or similar documents, and may require the production of documents and the attendance of any person having knowledge and take testimony. The Department may summon witnesses to appear and give testimony, and produce records and documents relating to any matter which the Department has the authority to investigate or determine. Under sales tax provisions, any person who fails or refuses to file, submit, prepare, or retain returns, certificates, forms, reports, or data at the time and place, and in the manner required, is guilty of a misdemeanor for each such failure or refusal.

Joint Finance/Legislature: Modify the provisions that establish penalties for failure to produce records as follows: (a) specify that a penalty could not be imposed if the person shows that under all facts and circumstances that the person's response, or failure to respond, to the Department of Revenue's request was reasonable, or justified by factors beyond the person's control; (b) provide that penalties the Department could impose would include adding income under the income tax, and adding additional taxable sales or additional taxable purchases under the sales tax; (c) clarify that penalties would apply to the additional tax resulting from any adjustment that was the result of a failure to produce records, and (d) require the Department to promulgate administrative rules that include a standard response time, a standard for noncompliance, and penalty waivers.

[Act 28 Sections: 1796 and 1854]

13. CONSOLIDATED TAX STATEMENTS

Governor/Legislature: Provide that if a corporation that is required to file an income or franchise tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has income that is regulated through contract or other arrangement, DOR may require that the corporation submit such consolidated statements as in its opinion are necessary in order to determine whether the corporations are a unitary business.

Under current law, DOR may require that a corporation that is affiliated with or related to another corporation must submit consolidated statements that the Department determines are necessary to determine the taxable income received by any one of the affiliated or related corporations.

[Act 28 Sections: 1678 and 1779]

14. ENHANCED ENFORCEMENT OF TAX LAWS [LFB Paper #675]

Joint Finance/Legislature: Provide \$5,700,000 GPR, 30.00 GPR positions, \$150,000 PR, \$70,000 SEG, and 1.00 SEG position annually to the Department of Revenue, and direct the Department to use the additional resources to fund expenditures

	Funding	Positions
GPR-REV	\$70,000,000	0.00
GPR	\$11,400,000	30.00
PR	300,000	0.00
SEG	<u>140,000</u>	<u>1.00</u>
Total	\$11,840,000	31.00

and to engage in activities that are related to enhanced enforcement of current tax laws, and that would result in increased state tax revenues. The Department would also be required to provide annual reports to the Governor, Legislature, and Joint Committee on Finance by June 30 of each fiscal year, that include a description of the allocation of funding and positions; expenditures incurred; activities or projects undertaken (both supporting and direct enforcement); data regarding the type of enforcement actions, number of taxpayers affected, additional amounts assessed and collected, and additional revenues that were generated; and an analysis of the cost-effectiveness of the activities funded by the additional amounts provided by the

Legislature. Estimate additional tax collections of \$25,000,000 in 2009-10 and \$45,000,000 in 2010-11.

Veto by Governor [C-12]: Delete the provision requiring an annual report from DOR to the Governor, Legislature and Joint Committee on Finance that would describe enhanced enforcement activities.

[Act 28 Vetoed Section: 1815g]

15. AMBULATORY SURGICAL CENTER ASSESSMENT

PR	\$220,400
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Joint Finance/Legislature: Authorize DOR to impose an assessment on the gross patient revenues of ambulatory surgical centers (as defined for purposes of participation under the federal Medicare program) located in Wisconsin, up to the maximum limit allowed under federal law for MA provider contributions. DOR would be required to allocate any assessment imposed on ambulatory surgical centers in proportion to their gross patient revenue

DOR would also be authorized to perform the following activities with respect to collection of the assessment: (a) determine the amount of the assessment; (b) collect the assessment; (c) require ambulatory surgical centers to provide to DOR data necessary for DOR to determine the amount of the assessment; (d) set time limits for ambulatory surgical centers to pay the assessment and to provide the data; and (e) levy penalties on ambulatory surgical centers that fail to comply with these requirements. DOR would be authorized to promulgate rules relating to administration of the assessment. Such rules could be promulgated as emergency rules without a finding of emergency.

DOR would be required to transfer 99.5% of the moneys collected from assessments to the Medical Assistance trust fund. The Department would retain 0.5% of the assessment revenues collected from ambulatory surgical centers that would be placed in newly created program revenue appropriation that would fund DOR administrative costs related to the assessment. The assessment would generate a total of \$38,814,800 in 2009-10 and \$33,309,600 in 2010-11. Of the total, \$110,200 PR would be deposited annually in the Department's program revenue administrative appropriation. [The revenue impact of this provision is shown under "Health Services -- MA -- Overview and Base Funding Adjustment.]

[Act 28 Sections: 601s, 681g, 1623m, 2433x, and 9143(4u)]

16. TIF DISTRICT ADMINISTRATION -- VILLAGE OF DE FOREST PAYMENT

PR	\$10,000
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Joint Finance/Legislature: Provide the Village of De Forest \$9,950 in 2009-10 to fund the interest costs incurred on borrowing by the Village relating to a DOR oversight in recertifying the base value of the Village's amended tax incremental financing (TIF) district. Modify DOR's existing TIF administrative appropriation to allow for such payments, and increase the

appropriation in 2009-10 by \$10,000 PR for this purpose.

[Act 28 Section: 606]

17. REGULATION OF CONSTRUCTION CONTRACTORS

Joint Finance: Require, effective January 1, 2010: (a) 1% withholding on payments to independent contractors and single-member limited liability companies (LLCs) providing construction services when a 1099 tax form is filed; and (b) establish a fine of \$25,000 under the state income sales, excise, and inheritance taxes for willful misclassification of workers.

Assembly: Modify provision to specify that withholding on payments to contractors and single-member limited liability companies be done no more than quarterly, and provide DOR with authority to promulgate administrative rules, including emergency rules without a finding of emergency, to administer the withholding provisions and to define "willful misclassification" for the purpose of imposing the \$25,000 penalty.

Senate: Delete Assembly modification.

Conference Committee/Legislature: Restore Assembly provision.

Veto by Governor [F-8]: Delete provision that requires withholding by construction businesses on payments to independent contractors and single member LLCs.

[Act 28 Sections: 1777m, 1778q, and 9143(1)(q)]

[Act 28 Vetoed Sections: 1777m, 1777o, 9143(1q), and 9343(3i)]

18. TAX APPEALS COMMISSION STANDARD OF REVIEW

Governor: Require that, for purposes of reviewing the Department of Revenue's rules, the Tax Appeals Commission give controlling weight deference to the Department's interpretation of its rules, unless the interpretation is plainly erroneous or inconsistent with the language of the rules or the statutes that govern the rules. This provision would first apply to matters before the Commission on the bill's general effective date.

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

Lottery Administration

1. LOTTERY SALES PROJECTIONS

Governor/Legislature: Project lottery sales of \$487,164,700 in 2009-10 and \$478,672,600 in 2010-11. 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 2007-08 actual lottery sales and 2008-09 estimated sales projected in October, 2008, for the purposes of certifying the amount available for the 2008(09) lottery property tax credit. The Governor's 2009-11 projected sales are based on sales models utilized by DOR to estimate both on-line and instant ticket games.

**Lottery Sales Projections
(\$ in Millions)**

Game Type	Actual 2007-08	2008-09	2009-10	Percent Change from 2008-09	2010-11	Percent Change from 2009-10
Scratch	\$284.2	\$272.6	\$265.4	-2.7%	\$265.4	0.0%
Pull-tab	3.2	4.1	4.1	0.0	4.1	0.0
On-line	<u>207.3</u>	<u>208.1</u>	<u>217.7</u>	4.6	<u>209.2</u>	-3.9
Total	\$494.7	\$484.8	\$487.2	0.5%	\$478.7	-1.7%

2. SUM SUFFICIENT APPROPRIATION REESTIMATES FOR RETAILER COMPENSATION AND VENDOR FEES [LFB Paper 690]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$5,658,600	-\$152,900	-\$5,811,500

Governor: Delete \$2,337,600 in 2009-10 and \$3,321,000 in 2010-11 to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Delete \$1,893,900 in 2010-11 and \$2,445,900 in 2010-11 to adjust base level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2009-11 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 approximately \$4.8 million annually in 2009-10 and 2010-11, under the bill). Base level funding of \$36,053,700, established under 2007 Wisconsin Act 20, was based on estimated lottery sales of \$511.9 million in 2008-09. The appropriations for retailer compensation under the bill total

approximately 7.0% of projected sales (\$487.2 million annually in 2009-10 and \$478.7 million in 2010-11).

Vendor Fees. Delete \$443,700 in 2009-10 and \$875,100 in 2010-11 to adjust funding for vendor fees to reflect projected lottery sales in the 2009-11 biennium. Base level funding for vendor fees is \$13,002,000.

Vendor fees are paid under a major procurement contract for the provision of data processing services relating to both on-line and instant lottery games. The fees are calculated on the basis of a percentage of total ticket sales and some minor fixed costs. Under the bill, vendor fees would total 2.54% of lottery ticket sales in both 2009-10 and 2010-11.

Joint Finance/Legislature: Reduce the vendor fees appropriation by \$184,300 in 2009-10 and increase the appropriation by \$31,400 in 2010-11 to reflect a correction in the calculation of the fees.

3. TRANSFER FUNDING FOR LOTTERY TICKET MANUFACTURING AND DELIVERY [LFB Paper 691]

Governor: Transfer \$4,415,900 annually from the Lottery Division's appropriation account for general program operations to the appropriation account for vendor fees. The provision, which was requested by the Department, may allow the lottery to contract for ticket manufacturing and delivery on a percentage-of-sales basis, potentially cutting costs. Under the provision, the costs of ticket manufacturing and delivery would be moved from an annual, sum certain appropriation to a sum-sufficient appropriation.

Joint Finance/Legislature: Delete provision.

4. LOTTERY FUND CONDITION STATEMENT [LFB Paper 690]

Governor: Appropriate \$119,448,400 in 2009-10 and \$117,728,800 in 2010-11 for the lottery and gaming tax credit. [The certified amount of the lottery and gaming tax credit in 2008-09 is \$119,993,400.] These amounts reflect 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 in 2009-10, the amount appropriated for the farmland preservation credit in 2010-11 (proposed under the bill), and lottery and gaming credit late applications payments.

Joint Finance/Legislature: Modify the 2009-10 lottery fund opening balance from \$9,559,000 to \$9,338,100. This change represents a \$220,900 reduction in the 2009-10 opening balance. The modification to the opening balance reflects the revised DOR 2008-09 lottery sales estimates and actual lottery and gaming credits for 2008-09 paid in March, 2009. In addition, as described above, the Committee corrected the amounts appropriated for lottery vendor fees in 2009-10 and 2010-11. Finally, the Committee deleted the Governor's proposal to distribute \$14,850,000 in 2010-11 under the farmland preservation credit and instead distributes this amount under the school levy tax credit.

The following fund condition statement, which reflects all actions on the state lottery, including 2% general wage adjustment and furlough reductions, provides information on operating revenues, appropriated amounts for expenditures, estimates of interest earnings and gaming-related revenue, and the amounts available for tax relief credits under the act. Under these actions, lottery and gaming tax credit appropriations would total \$119,671,400 in 2009-10 and \$117,957,000 in 2010-11.

**Lottery Fund Condition Statement
Act 28**

	<u>2009-10</u>	<u>2010-11</u>
Fiscal Year Opening Balance	\$9,338,100	\$9,753,000
Operating Revenues		
Ticket Sales	\$487,164,700	\$478,672,600
Retailer Fees and Miscellaneous	<u>483,000</u>	<u>431,300</u>
Gross Revenues	\$487,647,700	\$479,103,900
Expenditures		
Prizes	\$283,978,400	\$279,692,400
Retailer Compensation	34,159,800	33,607,800
Vendor Payments	12,374,000	12,158,300
General Program Operations	21,679,400	21,679,400
Appropriation to DOJ	364,000	364,000
Appropriation to DOR	296,000	296,000
Miscellaneous Expenses	22,000	22,000
Program Reserves	<u>165,900</u>	<u>289,000</u>
Total Expenditures	\$353,039,500	\$348,108,900
Net Proceeds	\$134,608,200	\$130,995,000
Interest Earnings	\$531,500	\$1,694,500
Gaming-Related Revenue	\$306,600	\$306,600
Total Available for Tax Relief *	\$144,784,400	\$142,749,100
Appropriations for Tax Relief		
Lottery and Gaming Tax Credit	\$119,671,400	\$117,957,000
Farmland Tax Relief Credit	15,000,000	0
School Levy Tax Credit	0	14,850,000
Lottery and Gaming Credit: Late Applications	<u>360,000</u>	<u>360,000</u>
Total Appropriations for Tax Relief	\$135,031,400	\$133,167,000
Gross Closing Balance	\$9,753,000	\$9,582,100
Reserve (2% of Gross Revenues)	\$9,753,000	\$9,582,100
Net Closing Balance	\$0	\$0

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

[Act 28 Section: 174]

SECRETARY OF STATE

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled Amount	Percent
PR	\$1,552,400	\$1,564,400	\$1,451,400	\$1,451,400	\$1,451,400	-\$101,000	- 6.5%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
PR	7.50	7.50	7.50	7.50	7.50	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$21,800
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Governor/Legislature: Provide adjustments of \$10,900 annually for: (a) full funding of continuing salaries and fringe benefits (\$8,100 annually); (b) reclassifications (\$1,400 annually); and (c) full funding of lease costs and directed moves (\$1,400 annually).

2. ACROSS-THE-BOARD 1% REDUCTIONS

PR	- \$15,400
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Governor/Legislature: Delete \$7,700, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reduction, by appropriation, is shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Program Fees	\$772,200	-\$7,700*

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. NATIONAL ASSOCIATION OF SECRETARIES OF STATE DUES INCREASE PR \$5,600

Governor/Legislature: Provide expenditure authority of \$2,800 annually to fully fund membership dues for the National Association of Secretaries of State. Dues for 2008-09 are \$5,300.

4. AGENCY 5.135% BUDGET REDUCTIONS PR - \$79,800

Joint Finance/Legislature: Delete \$39,900 annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. Annual reduction amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Program fees	\$772,200	-\$39,700
PR	Agency collections	4,000	-200

5. ELIMINATE 2% GENERAL WAGE ADJUSTMENT PR - \$13,200

Joint Finance/Legislature: Delete \$6,600 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

6. STATE EMPLOYEE FURLOUGH PR - \$20,000

Joint Finance/Legislature: Delete \$10,000 annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium.

7. GPR-EARNED REESTIMATE [LFB Paper 695] GPR-REV - \$123,500

Joint Finance/Legislature: Reestimate the lapse to the general fund from the Office's program fees appropriation to be \$8,300 in 2009-10 and \$0 in 2010-11. This represents a decrease of \$59,700 in 2009-10 and \$63,800 in 2010-11 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							
	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
Direct Aid Payments							
Expenditure Restraint	\$116,291,400	\$116,291,400	\$116,291,400	\$116,291,400	\$116,291,400	\$0	0.0%
Shared Revenue -- Utility Aid	66,800,000	89,851,400	87,600,000	87,600,000	87,600,000	20,800,000	31.1
County and Municipal Aid	1,709,406,400	1,625,859,400	1,583,049,900	1,475,783,100	1,475,783,100	-233,623,300	-13.7
Public Utility Distribution	12,484,800	26,974,400	26,974,400	26,974,400	26,974,400	14,489,600	116.1
State Aid; Tax Exempt Property	130,000,000	150,000,000	151,070,000	151,070,000	151,070,000	21,070,000	16.2
Interest Payments on Overassessments of Manufacturing Property	20,000	20,000	20,000	20,000	20,000	0	0.0
Payments for Municipal Services	43,997,600	43,557,600	41,298,400	41,298,400	41,298,400	-2,699,200	-6.1
Property Tax Credits							
Homestead Tax Credit	222,600,000	251,691,900	253,000,000	253,000,000	253,000,000	30,400,000	13.7
Farmland Preservation Credit	25,400,000	13,000,000	12,800,000	12,800,000	12,800,000	-12,600,000	-49.6
Farmland Preservation Credit; 2010 and Beyond	0	12,157,200	27,007,200	27,007,200	27,007,200	27,007,200	N.A.
School Levy and First Dollar Tax Credits	1,344,800,000	1,644,800,000	1,682,625,200	1,697,625,200	1,697,625,200	352,825,200	26.2
Other Credits							
Claim of Right Credit	237,600	237,600	237,600	237,600	237,600	0	0.0
Meat Processing Facility Investment Credit	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	N.A.
Film Production Services Credit	10,000,000	0	3,000,000	3,000,000	1,000,000	-9,000,000	-90.0
Dairy Manufacturing Facility Investment Credit	1,400,000	1,386,000	1,314,200	1,314,200	1,314,200	-85,800	-6.1
Dairy Manufacturing Facility Investment Credit; Dairy Cooperatives	0	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	N.A.
Enterprise Zone Jobs Credit	13,000,000	3,490,000	3,490,000	3,490,000	3,490,000	-9,510,000	-73.2
Veterans and Surviving Spouses Property Tax Credit	3,000,000	3,056,000	15,000,000	15,000,000	15,000,000	12,000,000	400.0
Cigarette & Tobacco Products Tax Refunds	41,800,000	85,970,000	81,500,000	81,500,000	81,500,000	39,700,000	95.0
Earned Income Tax Credit	<u>184,071,600</u>	<u>230,953,900</u>	<u>239,561,600</u>	<u>239,761,600</u>	<u>239,761,600</u>	<u>55,690,000</u>	30.3
GPR TOTAL	\$3,925,309,400	\$4,301,596,800	\$4,328,139,900	\$4,236,073,100	\$4,234,073,100	\$308,763,700	7.9%
Direct Aid Payments							
County and Municipal Aid -- Federal Economic Stimulus Funds	\$0	\$50,000,000	\$76,139,100	\$76,139,100	\$76,139,100	\$76,139,100	N.A.
Other Credits							
Earned Income Tax Credit; Temporary Assistance for Needy Families	<u>13,328,400</u>	<u>13,328,400</u>	<u>13,328,400</u>	<u>13,328,400</u>	<u>13,328,400</u>	<u>0</u>	0.0
FED/PR TOTAL	\$13,328,400	\$63,328,400	\$89,467,500	\$89,467,500	\$89,467,500	\$76,139,100	571.3%
Direct Aid Payments							
County and Municipal Aid -- Wireless 911 Fund	\$0	\$25,000,000	\$20,340,000	\$20,340,000	\$20,340,000	\$20,340,000	N.A.
County and Municipal Aid -- Police and Fire Protection Fund	0	0	0	107,266,800	107,266,800	107,266,800	N.A.
Property Tax Credits							
School Levy Tax Credit	0	0	14,850,000	14,850,000	14,850,000	14,850,000	N.A.
Farmland Tax Relief Credit	30,000,000	15,000,000	15,000,000	15,000,000	15,000,000	-15,000,000	-50.0
Farmland Preservation Credit; 2010 and Beyond; Lottery Fund	0	14,850,000	0	0	0	0	N.A.
Lottery & Gaming Credit	260,693,800	237,177,200	237,628,400	237,628,400	237,628,400	-23,065,400	-8.8
Lottery & Gaming Credit; Late Applications	<u>481,400</u>	<u>720,000</u>	<u>720,000</u>	<u>720,000</u>	<u>720,000</u>	<u>238,600</u>	49.6
SEG TOTAL	\$291,175,200	\$292,747,200	\$288,538,400	\$395,805,200	\$395,805,200	\$104,630,000	35.9%
TOTAL	\$4,229,813,000	\$4,657,672,400	\$4,706,145,800	\$4,721,345,800	\$4,719,345,800	\$489,532,800	11.6%

Direct Aid Payments

1. COUNTY AND MUNICIPAL AID PAYMENT REDUCTIONS [LFB Paper 700]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$8,547,000	-\$21,367,600	-\$29,914,600

Governor: Reduce funding by \$8,547,000 in 2010-11 for making 2010 payments under the county and municipal aid program, a reduction equal to 1% of the county and municipal aid account. Allocate the total reduction separately among municipalities and counties in proportion to current distributions for municipalities and counties from the county and municipal aid account. Specify that initial reductions to individual municipalities and counties would be made based on their share of the total statewide equalized value. Modify these initial reductions so that no municipality or county has a total reduction exceeding 15% of their current law 2010 payment. Fund these 15% maximum cut modifications by further reducing payments to the remaining municipalities and counties on a per capita basis, also subject to the 15% maximum total reduction. These calculations would be done separately for municipalities and for counties. Specify that for payments in 2011 and thereafter, payments for each municipality and county would equal their 2010 payment.

Joint Finance/Legislature: Reduce funding by an additional \$21,367,600 in 2010-11 for making 2010 payments, to provide a total reduction for the program (when added to the reduction in the bill) of \$29,914,600. Modify the bill to specify that the total reduction for all counties and the total reduction for all municipalities shall be calculated separately by multiplying the total payment to each group from the county and municipal aid account by 3.5%, instead of 1.0%. Maintain the same mechanism for reducing payments to individual counties and municipalities as the bill, except to specify that the calculation of the 15% maximum payment reduction would be calculated using each local government's total prior year payment, instead of the portion of the payment made from the county and municipal aid account. Specify that, beginning with the distributions in 2011 (paid in fiscal year 2011-12), the total amount to be distributed annually under the program from the county and municipal aid account would be \$824,825,715. This amount reflects the funding reductions under this item, plus an adjustment to the payment for the City of Stanley, summarized separately below.

[Act 28 Sections: 1894, 1895, and 1898 thru 1900]

2. MAINTENANCE OF EFFORT FOR POLICE AND FIRE PROTECTION SERVICES

Joint Finance: Specify that, beginning in 2010, the amount that each county and municipality spends each year for emergency services shall be no less than the amount that the

county or municipality spent in 2009 for emergency services, not including one-time expenses. Require each county and municipality to report, to the Department of Revenue, at a time and in the manner prescribed by the Department, the amount of its expenditures for emergency services in 2009 and the amount of its one-time expenses for emergency services. Require DOR, for the purposes of this provision, to develop a definition of "emergency services" and specify that the Department may adjust any amount reported by a local government to more accurately reflect the amount spent for emergency services. Specify that a county or municipality may decrease the amount it spends for emergency services below the 2009 amount, with DOR's approval, if the decrease is a result of operating efficiencies, as determined by DOR, and specify that any such decrease shall be the new minimum expenditure level for future years' emergency services expenditures. Specify that if a county or municipality fails to comply with these requirements, DOR may reduce the county or municipality's payment under the county and municipal aid program, in an amount determined by the Department.

Senate/Legislature: Modify provision by adding capital expenditures to one-time expenses as items that may be excluded from the maintenance of effort requirement. Specify that DOR may adjust the reported amounts to ensure that excluding any one-time expenses or capital expenditures does not compromise the level of service for providing emergency services. In addition, specify that the definition of emergency services under this provision includes only those emergency services expenditures that are funded with payments under the county and municipal aid program.

[Act 28 Section: 1900k]

3. SUPPLEMENTAL PAYMENT TO THE CITY OF STANLEY

GPR	\$37,200
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Joint Finance/Legislature: Require the Department of Revenue to increase the payment that the City of Stanley would otherwise receive in 2010 under the county and municipal aid program by \$37,200. Increase funding for the county and municipal aid program by \$37,200 in 2010-11 to reflect this requirement. Adjust the total distribution under the program in 2011 and thereafter to reflect this supplemental payment. The increase under this item was calculated based on the current population of the Stanley Correctional Institution times a per capita rate of \$25.15, subject to a 3.5% reduction (the overall reduction percentage for the county and municipal aid program). The per capita rate of \$25.15 is the rate that would be paid currently (based on 2008 population estimates) if the per capita component of the shared revenue formula were still operative. The shared revenue per capita payment formula, as well as other components of the formula, was suspended in 2002, prior to the opening of the Stanley Correctional Institution.

[Act 28 Sections: 1893 and 9143(3c)]

4. WIRELESS 911 FUND PAYMENTS FOR COUNTY AND MUNICIPAL AID [LFB Paper 666]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$25,000,000	\$4,660,000	- \$20,340,000
SEG	<u>25,000,000</u>	<u>- 4,660,000</u>	<u>20,340,000</u>
Total	\$0	\$0	\$0

Governor: Provide \$25,000,000 SEG in 2009-10 in a newly-created, annual appropriation from the wireless 911 fund for county and municipal aid, and reduce the GPR appropriation for county and municipal aid by \$25,000,000 in 2009-10. Specify that no moneys may be encumbered or expended from the new SEG appropriation after December 31, 2012. The 911 wireless fund is the source of grants to reimburse local units of government and wireless telecommunications providers for costs related to tracking the telephone number and the location of callers using wireless telephones to make emergency calls. Revenues in the fund are from surcharges on consumers' wireless telecommunications bills, imposed between December 1, 2005, and November 30, 2008. A separate item in the bill, summarized under "Public Service Commission," would prohibit the PSC from returning the balance in the fund to wireless companies.

Joint Finance/Legislature: Reduce funding by \$4,660,000 SEG in 2009-10 and increase funding by \$4,660,000 GPR in 2009-10 to reflect a reduction in the transfer from the wireless 911 fund and corresponding increase in the GPR funding for making the 2009 payments. The reduction in payments from the wireless 911 fund reflects a reestimate of the July 27, 2009, balance of the fund.

[Act 28 Sections: 617, 619, 1895, and 1898]

5. FEDERAL STIMULUS FUNDS FOR COUNTY AND MUNICIPAL AID [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$50,000,000	- \$26,139,100	- \$76,139,100
PR	50,000,000	- 50,000,000	0
FED	<u>0</u>	<u>76,139,100</u>	<u>76,139,100</u>
Total	\$0	\$0	\$0

Governor: Provide \$50,000,000 PR in 2010-11 in a new appropriation for the distribution of federal economic stimulus funds for the county and municipal aid program and reduce funding by a corresponding \$50,000,000 GPR in the existing appropriation for the program. A separate item in the bill, summarized under "Program Supplements," would create a FED appropriation for the receipt of federal economic stimulus funds that are not otherwise appropriated by the bill, and would give the Department of Administration authority to transfer amounts from this FED appropriation to other appropriations. The bill reflects a \$50,000,000 transfer from the FED appropriation to the new PR appropriation for county and

municipal aid. Specify that, beginning with the distributions in 2011 (paid in fiscal year 2011-12), the total amount to be distributed under the program from the county and municipal aid account would be \$846,156,200. This is the same amount that would be distributed in 2010 under the bill, which has the impact of requiring an increase of \$50,000,000 GPR annually for the program in the 2011-13 biennium if no federal stimulus funds or other supplemental funds are available in those years.

Joint Finance/Legislature: Delete \$50,000,000 PR in 2010-11 to reflect the elimination of the PR appropriation created for receiving a transfer of federal economic stimulus funds from a FED program supplements appropriation and, instead, provide \$76,139,100 FED in 2010-11 in a new appropriation for providing federal economic stimulus funds directly for the county and municipal aid program. Decrease funding by \$26,139,100 GPR in 2010-11 to reflect the net increase in federal fiscal stabilization funds used for the program in that year. Under these changes, the required increase in the 2011-13 biennium would rise to \$76,139,100 GPR annually.

[Act 28 Sections: 617 and 618d]

6. COUNTY AND MUNICIPAL AID FUNDING FROM THE POLICE AND FIRE PROTECTION FUND

GPR	- \$107,266,800
SEG	<u>107,266,800</u>
Total	\$0

Assembly: Create a SEG appropriation to annually distribute all amounts in the police and fire protection fund as payments to counties and municipalities under the county and municipal aid program (the creation of this fund and the police and fire protection fee and the related fiscal effect are summarized under "Public Service Commission"). Modify the existing GPR, sum sufficient appropriation for the county and municipal aid program to specify that amounts paid from the appropriation are net of amounts paid from the newly-created SEG appropriation. Estimate the distributions from the newly-created SEG appropriation at \$41,233,400 in 2009-10 and \$61,033,400 in 2010-11, and reduce estimated payments from the county and municipal aid program's existing GPR appropriation by \$41,233,400 in 2009-10 and \$61,033,400 in 2010-11.

Senate: Delete Assembly provision.

Conference Committee/Legislature: Restore the Assembly provision, but reestimate the distributions from the newly-created SEG appropriation at \$46,233,400 in 2009-10 and \$61,033,400 in 2010-11. This estimate is \$5,000,000 more in 2009-10 than under the Assembly version, reflecting a change to the starting date for the police and fire protection fee. Reduce estimated payments from the county and municipal aid program's existing GPR appropriation by an additional \$5,000,000 in 2009-10 to reflect this reestimate.

[Act 28 Sections: 617, 619d, and 1898]

7. FUNDING SOURCES FOR THE COUNTY AND MUNICIPAL AID PROGRAM

Governor: The following table shows the total distribution for the county and municipal aid program, by fund source, under the bill, compared to the payments made for calendar year 2008 in fiscal year 2008-09. As the table shows, the total amount distributed in 2009-10 for calendar year 2009 would remain at the prior year level. This would decline by 1% in 2010-11 for calendar year 2010 payments (calculated on a base that excludes supplements from the medical assistance program). Supplemental payments from the wireless 911 fund and federal stimulus funds would replace a portion of the GPR payments in 2009-10 and 2010-11, respectively. The amounts shown for medical assistance are payments received from that program for the provision of transportation for medical care by local governments, which increase the total distributed under the county and municipal aid program.

<u>Source</u>	<u>2008-09 (CY 2008)</u>	<u>2009-10 (CY 2009)</u>	<u>2010-11 (CY 2010)</u>
General Fund Appropriation	\$854,703,200	\$829,703,200	\$796,156,200
Medical Assistance	5,000,000	5,000,000	5,000,000
Wireless 911 Fund	--	25,000,000	0
Federal Stimulus	<u>--</u>	<u>0</u>	<u>50,000,000</u>
Total	\$859,703,200	\$859,703,200	\$851,156,200

Joint Finance: The following table shows the total distribution under the program, by fund source, under the Joint Committee on Finance substitute amendment, compared to the payments made for calendar year 2008 in fiscal year 2008-09. The table reflects a decision to decrease calendar year 2010 payments by 3.5% rather than 1%, a \$37,200 increase in the City of Stanley's payment in 2010 and thereafter, and modifications to the amount of wireless 911 and federal stimulus funds available for the program.

<u>Source</u>	<u>2008-09 (CY 2008)</u>	<u>2009-10 (CY 2009)</u>	<u>2010-11 (CY 2010)</u>
General Fund Appropriation	\$854,703,200	\$834,363,200	\$748,686,700
Medical Assistance	5,000,000	5,000,000	5,000,000
Wireless 911 Fund	--	20,340,000	0
Federal Stimulus	<u>--</u>	<u>0</u>	<u>76,139,100</u>
Total	\$859,703,200	\$859,703,200	\$829,825,800

Conference Committee/Legislature: The following table shows the total distribution under the program, by fund source, under Act 28, compared to the payments made for calendar year 2008 in fiscal year 2008-09. The table reflects a decision to use police and fire protection funds to directly offset GPR funding for the program, beginning in 2009-10.

<u>Source</u>	<u>2008-09</u> <u>(CY 2008)</u>	<u>2009-10</u> <u>(CY 2009)</u>	<u>2010-11</u> <u>(CY 2010)</u>
General Fund Appropriation	\$854,703,200	\$788,129,800	\$687,653,300
Medical Assistance	5,000,000	5,000,000	5,000,000
Police and Fire Protection Fund	--	46,233,400	61,033,400
Wireless 911 Fund	--	20,340,000	0
Federal Stimulus	--	0	76,139,100
Total	\$859,703,200	\$859,703,200	\$829,825,800

8. PUBLIC UTILITY AID -- SUM SUFFICIENT ESTIMATES [LFB Paper 701]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$37,541,000	-\$2,251,400	\$35,289,600

Governor: Increase estimated payments by \$10,651,400 in 2009-10 and \$12,400,000 in 2010-11 under the public utility aid component of the shared revenue program to reflect the following: (a) the estimated effect of the 2007 Wisconsin Act 20 law change authorizing payments for production plants in operation before 2004 based on their generating capacity; and (b) 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 distributions at \$44,051,400 in 2009-10 and \$45,800,000 in 2010-11. Increase estimated payments by \$5,892,000 in 2009-10 and \$8,597,600 in 2010-11 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 for production plants that began operating after 2003. Estimate total payments under this distribution formula at \$12,134,400 in 2009-10 and \$14,840,000 in 2010-11.

Joint Finance/Legislature: Decrease estimated payments under the public utility aid component of the shared revenue program by \$751,400 in 2009-10 and \$1,500,000 in 2010-11 to estimate total payments under this distribution at \$43,300,000 in 2009-10 and \$44,300,000 in 2010-11.

9. PUBLIC UTILITY PER CAPITA PAYMENT LIMIT

Governor/Legislature: Clarify that the 2007 Wisconsin Act 20 increases in the per capita payment limits for municipalities (from \$300 to \$425) and counties (from \$100 to \$125) under the public utility aid program, effective with 2009 payments, will remain at those levels for payments in subsequent years. No fiscal effect for this item is displayed because it merely clarifies the intent of the Act 20 law change.

[Act 28 Sections: 1896 and 1897]

10. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- SUM SUFFICIENT REESTIMATE [LFB Paper 702]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$20,000,000	\$1,070,000	\$21,070,000

Governor: Increase estimated payments by \$8,200,000 in 2009-10 and \$11,800,000 in 2010-11 to reflect changes in tax rates and the value of exempt computers, cash registers, and fax machines under current law provisions. Estimate total aid payments of \$73,200,000 in 2009-10 and \$76,800,000 in 2010-11.

Joint Finance/Legislature: Increase payments by an estimated \$470,000 in 2009-10 and \$600,000 in 2010-11 to estimate total aid payments at \$73,670,000 in 2009-10 and \$77,400,000 in 2010-11.

11. PAYMENTS FOR MUNICIPAL SERVICES [LFB Paper 703]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-REV	-\$207,600	-\$973,200	-\$1,180,800
GPR	-\$440,000	-\$2,259,200	-\$2,699,200

Governor: Reduce funding by \$220,000 annually for the payments for municipal services program, from a base level of \$21,998,800 to \$21,778,800. This program provides annual payments to reimburse municipalities for all or a portion of property tax supported expenses incurred in providing services to state facilities, which are exempt from property taxation. This reduction is part of the Governor's proposed across-the-board 1% reduction in most nonfederal appropriations. Reduce estimated GPR-Earned through agency chargebacks under the program by \$103,800 annually to reflect the reduced funding level for payments.

Under a separate provision, the administration of the payments for municipal services program would be transferred from the Department of Administration to the Department of Revenue. For additional information on the transfer of this function, see "Administration -- Transfers from the Department."

Joint Finance/Legislature: Reduce funding by \$1,129,600 annually associated with the additional 5.135% across-the-board reductions to state agencies and certain programs. The total funding level for the program would be \$20,649,200 annually in the biennium. Decrease the estimated GPR-Earned from agency chargeback amounts to other funding sources that fund state facilities by \$486,600 annually to reflect the reduced funding amount.

Delete the transfer of the payments for municipal services program from the Department of Administration to the Department of Revenue. For additional information related to deleting

the transfer of this function see "Administration -- Transfers from the Department."

12. EXPENDITURE RESTRAINT PROGRAM BUDGET TEST [LFB Paper 704]

Joint Finance: Make the following modifications to the expenditure restraint program's budget test: (a) modify the definition of "inflation factor" to limit it to no less than 0%; (b) provide an exclusion for unreimbursed expenses related to a declared emergency, as defined under current law; and (c) allow an adjustment equal to the difference between a municipality's 2010 entitlement under the payments for municipal services program, assuming the program is fully funded, and the municipality's actual 2010 payment under that program. Relative to the third item, extend the provision on a one-time basis to municipal budgets adopted for calendar year 2010 (which will be used to determine eligibility for aid payments in 2011), provide that any expenditures allowed under this provision cannot be financed with property tax revenues, and require the municipality to submit a statement to DOR from its independent auditor that the additional expenditures were not financed with property tax revenues.

Assembly: Exclude police and fire expenditures from the budget test if those expenditures are funded from a municipality's general fund balance.

Senate/Legislature: Delete the Assembly provision, and, instead, modify the Joint Finance provision as follows: (a) increase the minimum change under the "inflation factor" from 0% to 3%; and (b) base the one-time adjustment for municipalities also receiving aid under the payments for municipal services program on the aid payment in 2009, rather than 2010, under the payments for municipal services program.

[Act 28 Sections: 1900d, 1900h, and 9143(2q)]

Property Tax Credits

1. SCHOOL LEVY TAX CREDIT

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$150,000,000	-\$14,850,000	\$135,150,000
SEG	0	14,850,000	14,850,000
Total	\$150,000,000	\$0	\$150,000,000

Governor: Provide increases of \$75,000,000 annually to the base level funding for the school levy tax credit to fund the credit for the 2009-11 biennium. The 2007-09 biennial budget act (2007 Act 20) increased funding for the school levy tax credit by \$75,000,000 annually, from \$672,400,000 to \$747,400,000, beginning with property taxes levied in 2008, payable in 2009. Because the payment of the credits will be made in July of each year, the payment of the 2009

credits will be made in 2009-10 and payment of the 2010 credits will be made in 2010-11. Consequently, the increase to base level funding for the credit was not established under Act 20. Payments of the school levy credit are provided from the same appropriation used to make the first dollar tax credit payments.

Joint Finance/Legislature: Reduce funding by \$14,850,000 GPR in 2010-11 and provide \$14,850,000 SEG in 2010-11 from a new, lottery and gaming fund appropriation to replace the GPR reduction (this action is part of a decision to use only GPR for the per acre farmland preservation credit). Establish the GPR credit distribution at \$732,550,000 annually for 2010 and thereafter. When combined with the SEG funding, the total distribution would remain at the current law level of \$747,400,000 annually. Require DOR to promulgate administrative rules to ensure that payments from the SEG appropriation are used exclusively for school levy tax credits granted to state residents (the state constitution limits the use of net lottery and gaming proceeds to property tax relief for state residents).

[Act 28 Sections: 629d, 629e, 1815b, 1906d, and 1917d]

2. FIRST DOLLAR CREDIT [LFB Paper 705]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR	\$150,000,000	\$52,675,200	\$15,000,000	\$217,675,200

Governor: Provide \$75,000,000 annually to provide funding for the first dollar credit in the 2009-11 biennium. The 2007-09 biennial budget act (2007 Act 20) created the first dollar credit, funded at \$75,000,000 annually. The first dollar credit was first established for property taxes levied in 2008, payable in 2009. Because the payment of the credits will be made in July of each year, the payment of the 2009 credits will be made in 2009-10 and payment of the 2010 credits will be made in 2010-11. Consequently, base level funding for the first dollar credit was not established under Act 20. Payments of the first dollar credit are provided from the same appropriation used to make the state's school levy tax credit payments.

Joint Finance: Decrease funding by \$2,324,800 in 2009-10 to reflect the \$72,675,200 actual amount of credits to be distributed in July, 2009, based on the \$3,900 credit base established by DOR and the number of eligible parcels on which the credit will be claimed. Increase the credit distribution by \$55,000,000 for property tax year 2009(10) and thereafter and provide \$55,000,000 in 2010-11 to fund this increase. The total credit distribution would be set at \$130,000,000 for 2009(10) and thereafter.

Senate/Legislature: Increase the credit distribution by \$15,000,000 for property tax year 2009(10) and by an additional \$5,000,000 for property tax year 2010(11) and thereafter. This would result in distributions of \$145,000,000 in 2010-11 and \$150,000,000 in 2011-12, and thereafter. The fiscal effect for this provision is reported as \$15,000,000 because only the initial increase would occur in the 2009-11 biennium. The second increase, of \$5,000,000, would occur

in the first year of the 2011-13 biennium.

[Act 28 Section: 1917m]

3. FIRST DOLLAR CREDIT -- DISTRIBUTION OF CREDITS TO COUNTIES

Governor/Legislature: Require the Department of Administration (DOA) to distribute annual first dollar credit payments to counties, unless the following occur: (a) the annual total of the school levy tax credits, lottery and gaming credits, and first dollar credits for a municipality exceeds \$3 million; and (b) the municipality, based on a majority of its governing body, provides notification to the Department to distribute the three credit amounts directly to the municipality. DOA would continue to be required to distribute the first dollar credit amounts directly to any municipality, other than the City of Milwaukee, that adopts an ordinance authorizing property tax payments to be made in three or more installments. Modify the settlement process to reflect that municipalities may no longer have a role in settling for these credits. In addition, reconcile references for the distribution method of the school levy tax credit and the lottery and gaming credit that were not reconciled with the passage of both 2007 Act 20, which created the first dollar credit, and 2007 Act 190. Finally, specify that these changes would first apply to credit distributions made in 2010.

These provisions would extend to the first dollar credit the distribution method created under 2007 Act 190 for the school levy tax credit and the lottery and gaming credit. Currently, all first dollar credits are initially paid to municipalities, who then settle with county treasurers. The county treasurers ultimately settle with all taxing jurisdictions.

[Act 28 Sections: 1905, 1906, 1907 thru 1916, and 9343(7)]

4. FIRST DOLLAR CREDIT -- INSTALLMENT PAYMENTS

Governor: Specify that any person who pays property taxes in installments and receives a first dollar credit would have the first dollar credit deducted in its entirety from the first installment. This provision would extend to first dollar credit recipients the same treatment required for those who receive the lottery and gaming credit and make installment payments. This provision would not apply to those in the City of Milwaukee who pay their property taxes in multiple, equal installments. Specify that this provision would first apply to credit amounts distributed in 2010.

Joint Finance/Legislature: Delete provision.

5. HOMESTEAD TAX CREDIT -- CURRENT LAW REESTIMATE [LFB Paper 706]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$29,091,900	\$308,100	\$29,400,000

Governor: Provide increases of \$14,023,000 in 2009-10 and \$15,068,900 in 2010-11 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. The cost of the credit is projected to be higher than the actual 2007-08 cost of \$125.1 million due primarily to an expected increase in property taxes and lower growth in household income. With these adjustments, estimated total funding would increase from an adjusted base level of \$111,300,000 to \$125,323,000 in 2009-10 and \$126,368,900 in 2010-11.

Joint Finance/Legislature: Increase funding for the credit by an additional \$1,277,000 in 2009-10 and decrease funding by \$968,900 in 2010-11 to reflect reestimated changes in income, property taxes, and program participation under the current law credit provisions. With these modifications, estimated total, current law funding would be \$126,600,000 in 2009-10 and \$125,400,000 in 2010-11.

6. HOMESTEAD TAX CREDIT -- FORMULA CHANGES [LFB Paper 707]

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

Governor: Beginning with calendar year 2010, increase the maximum household income amount under the homestead tax credit each year from the current level of \$24,500 by the percentage change between the Consumer Price Index (CPI), as determined by the federal Department of Labor, for all urban consumers, U.S. city average, for the month of August of the previous year and the same index for the month of August, 2008. Specify that the adjustment to the maximum income level could only occur if the percentage change in the CPI is a positive number.

Specify that the revised maximum household income amount would be rounded to the nearest multiple of \$10, or if the revised amount is a multiple of \$5, the amount would be increased to the next higher multiple of \$10. Require the Department of Revenue (DOR) to annually adjust the slope (or rate) at which eligible property taxes are reduced for incomes above the income threshold so that the credit equals zero at the new maximum income amount. Require DOR to annually incorporate the changes into the state income tax forms and instructions.

The maximum household income is one of several formula factors used to determine a claimant's homestead tax credit amount. The following describes the current law credit formula:

$$80\% \times [\text{Property Taxes} - 8.788\% (\text{Household Income} - \$8,000)]$$

Under the proposal, increases to the maximum income level with no other formula adjustments would require DOR to lower the rate at which eligible property taxes are reduced for incomes above the income threshold. As a result, the proposed changes would benefit all existing and potential claimants with incomes above the \$8,000 income threshold.

Based on the provisions in the bill, the proposed formula changes could first affect the cost of the homestead tax credit in 2010-11. However, DOA indicates that because the projected change in the CPI for August, 2009, over August, 2008, would result in a negative number, there would be no adjustment to the income level for tax year 2010 claims. Therefore, there would be no change in the estimated cost of the credit in 2010-11 associated with the proposed formula changes.

Joint Finance: Increase the per dependent income deduction under the credit formula from \$250 to \$500, beginning with tax year 2010. Increase the estimated cost of the credit, compared to current law, by \$1,000,000 in 2010-11 to reflect this change.

Specify that the percentage change in the CPI used for adjusting the maximum household income factor under the credit formula would be the change in the average of the CPI for the twelve months ending in July of the prior year over the change in the average of the CPI for the twelve months ending in July, 2008.

Assembly/Legislature: Index the homestead tax credit maximum income level, maximum property tax amount, and income threshold formula factors by the change in the 12-month average of the CPI for August through July of the prior year over the 12-month average of the CPI for August, 2007, through July, 2008, rounding each factor to the nearest \$10. Specify that the adjustments could only occur if the percentage change in the CPI is a positive number. Specify that these factors would first be indexed for calendar year 2010. Because the indexing calculation would result in a negative number, no change is expected to the formula factors or to the estimated cost of the credit for tax years 2010 and 2011.

[Act 28 Sections: 1741s thru 1742]

7. FARMLAND PRESERVATION CREDIT -- CURRENT LAW REESTIMATE [LFB Paper 708]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$300,000	-\$200,000	\$100,000

Governor: Provide a decrease of \$100,000 in 2009-10 and an increase of \$400,000 in 2010-11 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium under current law. The cost of the credit is projected to be higher than the actual 2007-08 cost of approximately \$12 million due primarily to expected growth in agricultural property tax levels

during the biennium. With these adjustments, estimated total funding under current law would decrease from an adjusted base level of \$12,700,000 to \$12,600,000 in 2009-10 and then increase to \$13,100,000 in 2010-11. However, a separate bill provision, summarized below, would delete the current credit for nonagreement holders, effective in tax year 2010, and replace it with a revised credit.

Joint Finance/Legislature: Reduce funding for the credit by \$200,000 in 2009-10 to reflect reestimated changes in income, property taxes, and program participation under the current law credit provisions. With this modification and the Committee's approval of the following item, estimated total funding for the current law farmland preservation credit would be \$12,400,000 in 2009-10 and \$400,000 in 2010-11 (for agreement holders).

8. REPLACE EXISTING FARMLAND TAX CREDITS WITH A PER ACRE FARMLAND PRESERVATION CREDIT [LFB Paper 710]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$542,800	\$14,850,000	\$14,307,200
SEG	<u>- 150,000</u>	<u>- 14,850,000</u>	<u>- 15,000,000</u>
Total	-\$692,800	\$0	-\$692,800

Governor: Replace the existing farmland tax credits with a new, per acre farmland preservation tax credit as follows.

Overview. Beginning after tax year 2009, the bill would essentially end both the farmland preservation tax credit, except for those claimants under an existing farmland preservation agreement, and the farmland tax relief credit. Beginning in tax year 2010, the bill would replace these existing credits with a new, per acre farmland preservation credit using most of the current law funding for the existing credits.

Current law funding in 2010-11 would be \$13,100,000 GPR for the existing farmland preservation credit and \$15,000,000 SEG from the lottery fund for the farmland tax relief credit. Under the bill, \$400,000 GPR would remain in 2010-11 to fund any claims for an existing farmland preservation credit filed by the remaining agreement holders. The new, per acre credit would have total funding of \$27,007,200 in 2010-11, from two appropriations: (a) a \$12,157,200 GPR appropriation associated with the current law funding for the existing farmland preservation credit; and (b) a \$14,850,000 SEG appropriation from the lottery fund associated with the current law funding for the farmland tax relief credit.

Total funding for the new credit would be \$692,800 less than the current law funding for the existing credits. This difference is due to other budget recommendations of the Governor, which include: (a) the use of \$420,000 GPR associated with the current farmland preservation credit funding for staff at the Department of Agriculture, Trade and Consumer Protection (DATCP) to administer the land use and planning provisions related to the new credit; and (b) as part of an across-the-board 1% reduction in most nonfederal appropriations, a reduction of

\$122,800 GPR from the current farmland preservation credit funding, calculated after removing the funding provided DATCP, and \$150,000 SEG from the current funding for the farmland tax relief credit. [See "Agriculture, Trade and Consumer Protection" for additional information on the DATCP administrative funding].

The amount of an existing farmland preservation tax credit is based on an eligible claimant's household income, property taxes paid, and the land use provisions to which a claimant's land is subject. As household income increases, a claimant's credit is reduced. The farmland tax relief credit is equal to a percentage of property taxes up to \$10,000 paid on the farmland of an eligible claimant. Both credits are refundable credits (a refund is provided even if the credit exceeds the amount of income tax due) and are subject to land use requirements specific to each credit under the farmland preservation statutes. The per acre farmland preservation credit would be a refundable tax credit based on the number of qualifying acres an eligible applicant has, with the per acre amount varying depending on the land use requirements a claimant's acres are under. The only property tax requirement for the per acre credit would be that a claimant would have to be responsible for paying the property taxes on the qualifying acres. Other than to determine whether a claimant has enough farm income to be eligible for a credit, there would be no other income requirements that would reduce or limit the amount of the new credit.

Per Acre Farmland Preservation Credit. Beginning in tax year 2010, create a per acre farmland preservation credit, under Subchapter IX of Chapter 71 of the statutes, under which a claimant may claim as a credit against income taxes an amount calculated by multiplying the claimant's qualifying acres by one of the following amounts:

- a. \$10, if the qualifying acres are located in a farmland preservation zoning district and are also subject to a farmland preservation agreement that is entered into after the budget's effective date;
- b. \$7.50, if the qualifying acres are located in a farmland preservation zoning district but are not subject to a farmland preservation agreement that is entered into after the budget's effective date; or
- c. \$5, if the qualifying acres are subject to a farmland preservation agreement that is entered into after the budget's effective date, but are not located in a farmland preservation zoning district.

Specify that that credit may be claimed against state income taxes required of persons filing as individuals and fiduciaries, corporations, or insurance companies. Provide that if the allowable amount of the credit claim exceeds the income taxes otherwise due on the claimant's income, if any, the Department of Revenue (DOR) would have to certify the amount not used to offset income taxes to the Department of Administration for payment to the claimant.

Specify that "qualifying acres" would be defined as the number of acres of a farm that correlate to a claimant's percentage of ownership interest in a farm to which one of the following applies:

a. the farm is wholly or partially covered by a farmland preservation agreement, except that if the farm is only partially covered, the qualifying acres calculation would include only those acres that are covered by the agreement;

b. the farm is located in a farmland preservation zoning district at the end of the taxable year to which the claim relates; or

c. if the claimant transferred the claimant's ownership interest in the farm during the taxable year to which the claim relates, the farm was wholly or partially covered by a farmland preservation agreement, or the farm was located in a farmland preservation zoning district, on the date on which the claimant transferred the ownership interest. Specify that for this purpose, a land contract would be a transfer of ownership interest.

On the effective date of the budget act, repeal and recreate Chapter 91 of the statutes relating to the land use, soil and water conservation, zoning, and farmland preservation planning and agreement requirements for the farmland preservation credits. Most references to Chapter 91 under the new, per acre farmland preservation tax credit would refer to the provisions under the recreated Chapter 91. [See "Agriculture, Trade and Consumer Protection" for additional information on these provisions].

Specify that a "farm" would mean all the land under common ownership that is primarily devoted to agricultural use and that has produced at least \$6,000 in gross farm revenues during the taxable year to which the claim relates or, in that taxable year and the two immediately preceding taxable years, at least \$18,000 in gross farm revenues. Define "gross farm revenues" to mean gross receipts from agricultural use of a farm, excluding rent receipts, less the cost or other basis of livestock or other agricultural items purchased for resale which are sold or otherwise disposed of during the taxable year. Define "agriculture" as any of the following activities conducted for the purpose of producing an income or livelihood, or any other use identified by DATCP rule: (a) crop or forage production; (b) keeping livestock; (c) beekeeping; (d) nursery, sod, or Christmas tree production; (e) floriculture; (f) aquaculture; (g) fur farming; (h) forest management; or (i) enrolling land in a federal agricultural commodity payment program or a federal or state agricultural land conservation payment program.

Define "claimant" as an owner, as defined under the current farmland preservation statutes, of farmland, domiciled in this state during the entire taxable year to which the claim relates, who files a claim for a credit. Specify that this definition would apply except as follows:

a. When two or more individuals of a household (defined as an individual and his or her spouse and all minor dependents) are able to qualify individually as claimants, they would be allowed to determine between them who the claimant would be. If they are unable to agree, the matter would be referred to the DOR Secretary, whose decision would be final.

b. If any person in a household has claimed or will claim a homestead tax credit, all persons from that household would be ineligible to claim a per acre farmland preservation credit for the year to which the homestead credit pertains.

c. For partnerships, except publicly traded partnerships treated as corporations under state corporate tax law, "claimant" would mean each individual partner.

d. For limited liability companies, except limited liability companies treated as corporations under state corporate tax law, "claimant" would mean each individual member.

e. For purposes of filing a credit claim, the personal representative of an estate and the trustee of a trust would be considered owners of farmland. However, a claimant would not include the estate of a person who is a nonresident of this state on the person's date of death, a trust created by a nonresident person, a trust which receives Wisconsin real property from a nonresident person, or a trust in which a nonresident settlor retains a beneficial interest.

f. When land is subject to a land contract, the claimant would be the vendee under the contract.

g. When a guardian has been appointed in this state for a ward who owns the farmland, the claimant would be the guardian on behalf of the ward.

h. For a tax-option corporation, "claimant" would mean each individual shareholder.

Limitations and Conditions. Specify that no credit would be allowed unless all of the following apply:

a. The claimant certifies to DOR that, the claimant has paid, or is legally responsible for paying, the property taxes levied against the claim's qualifying acres.

b. The claimant certifies to DOR that, at the end of the taxable year to which the claim relates or, on the date on which the person transferred the person's ownership interest in the farm if the transfer occurs during that taxable year, there was no outstanding notice of noncompliance issued against the farm under the state soil and water conservation standards.

c. The claimant submits to DOR a certification of compliance with the soil and water conservation standards issued by the county land conservation committee unless, in the last preceding year, the claimant received a tax credit for the same farm under either the current farmland preservation tax credit program or the new, per acre credit program. [See "Agriculture, Trade and Consumer Protection" for additional information on compliance with these standards].

Specify that if a farm is jointly owned by two or more persons who file separate income or franchise tax returns, each person may claim a credit based on their ownership interest in the farm. Allow that, if a person acquires or transfers ownership of a farm during a taxable year, the person may file a claim based on their liability for the property taxes levied on their qualifying acres for that taxable year. Specify that no credit could be claimed with respect to income or franchise taxes unless the claim is made within four years of the unextended due date for those taxes.

Require claimants to claim credits on a form prepared by DOR and to submit any

documentation required by the Department. Specify that a claimant must certify all of the following on the form: (a) the number of qualifying acres for which the credit is claimed; (b) the location and tax parcel number for each parcel on which the qualifying acres are located; (c) that the qualifying acres are covered by a farmland preservation agreement or located in a farmland preservation zoning district, or both; and (d) that the qualifying acres are part of a farm that complies with applicable state soil and water conservation standards.

Funding Level and Appropriations. Specify that the maximum amount of the credits that may be claimed in any fiscal year is \$27,280,000 (due to the 1% across-the-board reductions, the amounts provided in 2010-11 under the two sum certain appropriations created to make credit payments would total only \$27,007,200). Provide that if the total amount of eligible claims exceeds \$27,280,000, the excess claims would have to be paid in the next succeeding fiscal year to ensure that the funding limit is not exceeded.

For 2011-12 and each succeeding fiscal year, require DOR to prorate the per acre amounts based on the Department's estimate of the amount of eligible claims to be filed for that fiscal year, and to account for any excess claims from the preceding fiscal year. Specify that if a payment to which an eligible claimant is entitled is delayed because the claim was an excess claim, the claimant would not be entitled to any interest payment, with regard to: (a) the delayed claim; or (b) any other refund to which the claimant is entitled if that other refund is claimed on the same income tax return as the per acre farmland preservation credit.

Create a sum certain, SEG appropriation from the lottery fund and provide \$14,850,000 SEG in 2010-11 to pay the aggregate per acre farmland preservation credits. Create a sum certain, GPR appropriation and provide \$12,157,200 in 2010-11 to pay the aggregate per acre farmland preservation credits that are not paid from the SEG appropriation. Under this provision, if the total amount of per acre credits is less than the amounts provided in these two appropriations, the excess funding would lapse from the sum certain, GPR appropriation.

Administration. Provide DOR the authority to enforce the per acre farmland preservation credit and to take any action, conduct any proceeding, and proceed as it is authorized under current law with respect to income and franchise taxes. Specify that the current law income and franchise tax provisions relating to assessments, refunds, appeals, collection, interest, and penalties would also apply to the per acre farmland preservation credits. Create a DOR SEG appropriation from the working lands fund, created under the bill, for the administration of the per acre farmland preservation tax credit. However, no funding would be provided under the bill for this appropriation in the 2009-11 biennium.

Existing Farmland Preservation Credit. Specify that, for taxable years beginning after December 31, 2009, no new claims for the existing farmland preservation credit could be filed, unless an otherwise eligible claimant is subject to a farmland preservation agreement that is in effect on July 1, 2010. Allow such claimants to continue to file a claim for the existing farmland preservation credit until their agreement expires. Also, allow that an existing claimant could modify their existing farmland preservation agreement in order to be eligible for the new, per acre credit. Specify that no claimant who files a claim for a current law farmland preservation

credit may file a claim for the new, per acre farmland preservation credit.

Effective on the budget's general effective date, delete the requirement for existing credit claimants that a lien be placed on any land rezoned out of a farmland preservation zoning district or when a conditional use permit is granted for a land use that is not an agricultural use. Under current law, the lien remains in place until the owner of the land makes a payment to the state that is equal to the farmland preservation tax credits received by the owner of the land during the preceding 10 years plus interest. Replace the use of liens with conversion fees, which would be charged on a per acre basis at a rate equal to three times the per acre use value for the highest category of tillable cropland, as determined by DOR for the municipality where the land is located. Additional information about the change from liens to conversion fees can be found under "Agriculture, Trade and Consumer Protection."

Change the statutory references to Subchapter IX of Chapter 71 of the statutes for the current law credit to refer, instead, to sections 71.59 to 71.61 of the statutes. Since the bill would create a new, per acre farmland preservation credit that would also be under Subchapter IX of Chapter 71 of the statutes, the narrower cross reference would be required. Repeal and recreate Chapter 91 of the statutes relating to the land use, soil and water conservation, and farmland preservation planning and zoning requirements (see "Agriculture, Trade and Consumer Protection" for additional information regarding these provisions). Modify the Chapter 71 references to Chapter 91 of the statutes, for purposes of the existing farmland preservation credit, to refer instead to Chapter 91 of the 2007 statutes. These changes in statutory references are needed in order to allow the following existing farmland preservation claims to continue to be filed under the existing statutes: (a) 2009 tax year credit claims, whether filed in 2009 or within four years of the unextended due date for 2009 taxes; (b) prior year claims that would have to be filed within four years of the unextended date on which those taxes were due; and (c) claims filed each year subject to a farmland preservation agreement that is in effect on July 1, 2010, until the agreement expires.

Farmland Tax Relief Credit. Specify that no new farmland tax relief credit claims may be made against the income taxes of an individual, franchise, corporation, or insurance company and no moneys would be allowed to be encumbered or expended from the appropriation from which farmland tax credits are paid for a taxable year that begins after December 31, 2009.

Because Chapter 91 would be repealed and recreated, modify the Chapter 71 statutory references to Chapter 91, for purposes of the farmland tax relief credit, to refer instead to Chapter 91 of the 2007 statutes. These reference modifications would be needed to allow credit claims to continue to be filed under the existing Chapter 91 requirements for the 2009 tax year and for prior year claims that can be filed within four years of the unextended date on which those taxes were due.

Farmers' Drought Property Tax Credit. Repeal the farmer's drought property tax credit, which could be filed against the income taxes of an individual, franchise, corporation, or insurance company. This credit applied only to tax year 1988 and no state funds have been expended for the credit since 1990-91.

Other Provisions. Modify the definition of eligible farmland for the purposes of municipal special assessments on farmland for construction of sewerage or water systems to include land that is eligible for the new, per acre farmland preservation credit.

Joint Finance/Legislature: Delete \$14,850,000 SEG in 2010-11 associated with the lottery and gaming fund appropriation for the per acre farmland preservation credit and provide \$14,850,000 GPR in 2010-11 to replace this funding. This reflects a decision to use the existing SEG funding for the farmland tax relief credit for the school levy tax credit instead of the per acre farmland preservation credit and to fund the entire \$27,007,200 for the per acre credit using GPR. Set the maximum credit distribution in any fiscal year at \$27,007,200, rather than \$27,280,000, to match available funding for the per acre credits.

[Act 28 Sections: 603, 624 thru 626, 628 thru 629e, 1478, 1554, 1555 thru 1558, 1638 thru 1642, 1704 thru 1708, 1743 thru 1777, 1947, and 9343(1)]

9. LOTTERY AND GAMING CREDIT REESTIMATE [LFB Paper 709]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$23,516,600	\$451,200	-\$23,065,400

Governor: Decrease funding by \$10,898,500 in 2009-10 and \$12,618,100 in 2010-11 for the sum sufficient appropriation to reflect lower estimates of net lottery and gaming proceeds available for distribution. With these adjustments, estimated total funding would decrease from an adjusted base level of \$130,346,900 to \$119,448,400 in 2009-10 and \$117,728,800 in 2010-11.

Joint Finance/Legislature: Increase funding by \$223,000 in 2009-10 and \$228,200 in 2010-11 to reestimate total tax credit distributions at \$119,671,400 in 2009-10 and \$117,957,000 in 2010-11.

10. LOTTERY AND GAMING CREDITS -- LATE APPLICATIONS

SEG	\$238,600
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Governor/Legislature: Increase funding by \$119,300 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 \$360,000 annually.

Property Taxation

1. LEVY LIMIT FOR COUNTIES AND MUNICIPALITIES [LFB Paper 715]

Governor: Repeal the current law provision that repeals the levy limit on counties and municipalities on November 30, 2009, make technical and policy modifications to the limitation, and reauthorize the levy limit program to apply to taxes levied in 2009 and 2010. As modified, the levy limit for those two years would be structured as follows.

Imposition. Prohibit any political subdivision, defined as a city, village, town, or county, from increasing its base municipal or county tax levy (defined as the local government's maximum allowable levy for the immediately preceding year) by more than a percentage that exceeds the local government's valuation factor. Define the valuation factor as the percentage equal to the greater of 3% or the percentage change in the local government's equalized value due to new construction, less improvements removed, as determined for January 1 equalized values in the year of the levy. [The prior law levy limit had a 2% floor for the allowable increase and based the limit on the actual levy for the prior year, rather than the maximum allowable levy.]

Exclusions. Exclude from the limitation any amounts levied: (a) as tax increments by a city, village, 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 payment by a county to an adjacent county for library services; (g) for a countywide emergency medical system by a county; (h) for any revenue shortfall for debt service on a revenue bond issued by a political subdivision; (i) for any revenue shortfall for debt service on a revenue bond issued by a joint fire department if the joint fire department uses the bond proceeds to pay for a fire station, if the joint fire department assesses the political subdivision its share of the debt under an intergovernmental cooperation agreement, and if the political subdivision is responsible for the repayment of the debt, even though the debt was incurred by the joint fire department; (j) for the payment of debt service on appropriation bonds issued to fund a county or municipal employee retirement system liability by a county having a population of 500,000 or more or by a first class city; (k) for police protection services by a village in the year immediately after the village's incorporation, provided the village did not have a police force when it was a town; or (l) for fire charges assessed by a joint fire department that would cause the municipality to exceed its allowable levy, provided that the joint fire department's total charges increase relative to the prior year by a rate less than or equal to 2% plus the percentage change in the consumer price index and the governing body of each municipality served by the joint fire department adopts a resolution in favor of the municipality exceeding its limit. Define joint fire department, by way of cross-reference to current law provisions, as a joint fire department created by a village with a population of 5,000 or more with a city or town or with another village, by a city with another city, or by a municipality with

another governmental unit or Indian tribe through an intergovernmental cooperation contract. [The exclusion under (j), as it applies to a first class city, was not included under the prior law levy limit. All of the other exclusions were included under prior law.]

Adjustments. Specify that the levy limit shall be adjusted, as determined by the Department of Revenue (DOR), as follows: (a) if a municipality or county transfers to another governmental unit responsibility for providing any service that it provided in the preceding year, the levy increase limit otherwise applicable to the municipality or county is decreased to reflect the cost that the municipality or county would have incurred to provide the service; (b) if a municipality or county increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit, the levy increase limit otherwise applicable to the municipality or county is increased to reflect the cost of providing that service; (c) if a service has been provided in part of the county by the county and in part of the county by a separate governmental unit and the provision of the service is consolidated at the county level, the levy increase limit otherwise applicable to the county is increased to reflect the total cost of providing the service; (d) if a city or village annexes property from a town, the annexing municipality's levy increase limit is increased by an amount equal to the town levy on the annexed territory in the preceding year and the levy increase limit for the town from which the property was annexed is decreased by the same amount; (e) if the amount of a lease payment related to a lease revenue bond in the preceding year is less than the amount of the lease payment needed in the current year, as the result of the issuance of a lease revenue bond before July 1, 2005, the levy increase limit is increased by the difference between the two amounts; and (f) if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, as the result of the city, village, town, or county adopting a resolution before July 1, 2005, authorizing the issuance of debt, the levy increase limit is increased by the difference between the two amounts. Specify that debt service includes debt service on debt issued or reissued to fund or refund outstanding obligations, interest on outstanding obligations, or the payment of related issuance costs or redemption premiums. Finally, provide an adjustment to the levy limit of a political subdivision if the subdivision contained a tax increment district for the immediately preceding year and DOR does not certify a value increment for the district in the current year because of the district's termination. Set the adjustment equal to the political subdivision's allowable levy for the preceding year multiplied by a percentage equal to half of the tax increment district's value increment in the previous year divided by the political subdivision's equalized value in the previous year. [All of these adjustments were included under the prior law levy limit.]

Referendum. Create a procedure under which a city, village, town, or county may exceed its levy increase limit if the local government's governing body adopts a resolution to that effect and the electors of the municipality or county approve the resolution in a referendum. Require the resolution and referendum to specify the proposed amount of the levy increase above the limit and whether the amount of the proposed increase is for a single year only or is ongoing. Authorize the local government to hold a special referendum, with regard to a referendum relating to the levy in an 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 an 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 and if the town board has adopted a resolution supporting the increase and placing the question on the meeting's agenda. Require the clerk of the municipality or county to publish notices regarding the referendum or town meeting prior to the time it is held and to certify the results of the referendum or town resolution to DOR within 14 days of the referendum or meeting. [The referendum and town meeting provisions are the same as those under the prior law levy limit.]

Penalty. Require DOR to reduce the county and municipal aid payment of any municipality or county that imposes a tax levy in excess of the amount allowed under these provisions. Establish the reduction as the amount equal to the excess tax levy, but exclude levies that exceed the allowable levy by less than \$500 from the penalty. Provide that the aid reduction be imposed in the year after the excess amount is levied, but specify that the amount of any penalty exceeding a local government's succeeding aid payment be applied to aid payments in subsequent years until the total penalty is subtracted. Provide that any withheld state aid amounts be lapsed to the general fund. Authorize DOR to waive penalties if it determines that a penalized excess is caused by a clerical error. Define clerical error as a penalized excess caused by DOR, through mistake or inadvertence, assessing to a county or a municipality in the current or previous year a greater or lesser valuation than should have been assessed, or by a county or municipal clerk, through mistake or inadvertence, in preparing or delivering the tax roll. [The penalty provisions are the same as those under the prior law levy limit.]

Sunset. Provide that the levy limit would not apply to levies imposed after December, 2010.

Joint Finance/Legislature: Approve the Governor's recommendation, but with three modifications:

a. Create an exception to the limitation for any amount that a county or municipality levies to pay the unreimbursed expenses related to a declared emergency, as defined under current law, beginning in the year in which the emergency occurs or the next year. Extend the exception to amounts levied to replenish cash reserves used to pay any unreimbursed expenses related to a declared emergency. Specify that any excluded amount may not be added to the local government's base levy for purposes of calculating the local government's levy limit in a year after the unreimbursed expenses have been recovered.

b. Provide an adjustment to the levy limit program for taxes levied in 2009 equal to

the difference between the allowable levy for the county or municipality in 2007 and the actual levy for the county or municipality in 2007. Previously, allowable levies have been calculated based on the prior year's actual levy. The bill would base this calculation on the prior year's allowable levy, thereby permitting counties and municipalities to "recapture" any unused levy capacity from the previous year. This provision would allow counties and municipalities to recapture unused capacity from the two previous years.

c. Allow levy limit adjustments in cases where one political subdivision that has entered into an intergovernmental cooperation agreement to jointly provide a service on a consolidated basis with another political subdivision agrees to lower its allowable levy in order to allow the second political subdivision to increase its allowable levy, so that the resulting levies achieve a more equitable distribution of payments for services.

[Act 28 Sections: 1468 thru 1474, 3409, 3415, and 9133(1)]

2. TAX INCREMENTAL FINANCING DISTRICT FEES

PR-REV	\$300,000
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Governor: Require the Department of Revenue (DOR) to charge any town, village, city, or county an annual fee of \$150 for each regular tax incremental financing (TIF) district, town TIF district, or environmental remediation TIF district for which the Department authorizes the allocation of a tax increment. Require the town, village, city, or county that created the district to pay the fee to the Department no later than May 15 of each year. Modify DOR's existing TIF administrative appropriation to include the administration of environmental remediation TIFs and to allow for the deposit of the new fee revenues to the appropriation. Specify that these provisions would first take effect on October 1, 2009. Based on the current number of TIF districts, the proposed fee would generate an estimated \$150,000 annually.

Joint Finance/Legislature: Require DOR to make a one-time payment of \$9,950 from the TIF administrative appropriation to the Village of Deforest for interest on borrowing related to an oversight in the recertifying the base value of the Village's TIF district. Modify DOR's TIF administrative appropriation to allow for the payment of such costs incurred by municipalities related to the Department's administration of the program.

[Act 28 Sections: 606, 1456, 1489, 1490, 9157(2g), and 9443(4)]

3. ONE-YEAR EXTENSION OF TIF DISTRICTS FOR AFFORDABLE HOUSING PURPOSES

Senate/Legislature: Specify that after the date on which a tax incremental (TIF) district created by a city (defined under current law to include villages) pays off the aggregate of all of its project costs a city may extend the life of the district for one year if the city does all of the following:

a. adopts a resolution that extends the life of the TIF district for a specified number of months and specifies how the city intends to improve its housing stock; and

b. forwards a copy of the resolution to the Department of Revenue (DOR) notifying the Department that it must continue to authorize the allocation of tax increments to the district.

Specify that if DOR receives a notice, it shall continue authorizing the allocation of tax increments to the district during the TIF district's life, as extended by the city, as if the district's costs had not been paid off and without regard to whether any of the existing statutory time periods would otherwise require terminating the allocation of such increments (20 to 27 years, depending on the when the district was created).

Require that if a city receives tax increments under this provision, the city must use at least 75% of the increments received to benefit affordable housing in the city. Define "affordable housing" as housing that costs a household no more than 30% of the household's gross monthly income. Define "household" as an individual and his or her spouse and all minor dependents. Specify that the remaining portion of the increments shall be used by the city to improve the city's housing stock.

Specify that these provisions would first take effect on October 1, 2009.

[Act 28 Sections: 1488s thru 1488ue, 1489e, 1489(i), and 9457(2i)]

4. PROPERTY TAX EXEMPTIONS FOR BIOTECHNOLOGY AND MANUFACTURING RESEARCH

Governor: Create a property tax exemption for machinery and equipment, including attachments, parts, and accessories, used by persons who are engaged primarily in manufacturing or biotechnology in this state, provided the machinery and equipment are used exclusively and directly in qualified research. Create a second property tax exemption for tangible personal property used by persons who are engaged primarily in manufacturing or biotechnology in this state, if the tangible personal property is consumed or destroyed or loses its identity while being used exclusively and directly in qualified research.

Define "biotechnology" as the application of biotechnologies, including recombinant deoxyribonucleic acid (DNA) techniques, biochemistry, molecular and cellular biology, genetics, genetic engineering, biological cell fusion, and other bioprocesses, that use living organisms or parts of an organism to produce or modify products to improve plants or animals or improve animal health, develop microorganisms for specific uses, identify targets for small molecule pharmaceutical development, or transform biological systems into useful processes and products. Define "qualified research" by way of cross-reference to section 41(d)(1) of the Internal Revenue Code. Define "machinery" and "manufacturing" by way of cross-reference to the property tax exemption for manufacturing machinery and equipment authorized under current law. Define "primarily" as more than 50% and "used exclusively" to mean to the exclusion of all other uses, except for other use not exceeding 5% of total use.

Extend the state aid payment for computers, cash registers, and fax machines, as authorized under current law, to biotechnology machinery, equipment, and tangible personal

property exempt under these provisions. With regard to the aid payment, extend current law provisions directing DOR to calculate the value of exempt manufacturing property and to adjust the value of erroneously identified or valued exempt property to biotechnology machinery, equipment, and tangible personal property exempt under these provisions. As a condition for receiving the exemption, require owners of the property to submit returns reporting the property's fair market value and impose a forfeiture of \$10 for every \$100 or major fraction thereof of value that is not reported. (These provisions are currently extended to exempt computers, cash registers, and fax machines.) Include the value of exempt biotechnology machinery, equipment, and tangible personal property in the equalized values of technical college districts and school districts for purposes of calculating state aid for technical college districts and general equalization aids for school districts under current law provisions. Extend the exemptions to air carrier, conservation and regulation, pipeline, railroad, and telephone companies subject to state property taxes under Chapter 76 of the statutes.

Specify that these provisions would first apply to property tax assessments as of January 1, 2012 [the 2012(13) property tax year]. Since the first aid payment for the newly-exempt property would not occur until July, 2013, there would not be a state fiscal effect until the 2013-15 biennium.

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

5. REVIEW OF ASSESSMENTS BY CLASS OF PROPERTY

Governor: Modify the current law program that requires DOR to review municipal property assessment levels by class of property and requires each major class of property within a municipality to be assessed within 10% of its full value. Provide that the following three modifications first apply to property tax assessments as of January 1, 2010. First, increase the threshold from 5% to 10% before a class of property is considered a major class of property, subject to the assessment review program. Second, eliminate the assessment training program and the requirement that a municipality's assessment staff attend the training program if the municipality did not comply with the full value assessment requirement in the five preceding years. Third, reduce the time period from seven years to five years for a municipality to be out of compliance with the full value assessment requirement before DOR orders and provides special supervision of the municipality's assessment for the succeeding year. Since 1992, the ratio of assessed value to full value for each locally-assessed, major class of property, except agricultural land, must be within 10% of full value at least once every four years. "Major class of property" is defined as any class of property that comprises more than 5% of the municipality's equalized value. Municipalities not meeting the requirement are notified, and if the requirement is not met in the succeeding year, the municipality's assessment staff must participate in a training program sponsored by DOR. If the municipality does not meet the requirement in the year after the training program, the Department must supervise the succeeding year's assessment.

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

6. COUNTY PROPERTY TAX ASSESSMENT PROGRAM

Governor: Create a nonstatutory provision requiring the Department of Revenue to collaborate with counties on the creation of county property tax assessment systems. State law allows counties to create county-wide assessment systems in lieu of municipal assessment systems. Except for Kenosha County, which operated a county assessment system from 1972 to 1995, no other county has adopted a county assessment system.

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

7. VALUATION OF LEASED PROPERTY

Joint Finance/Legislature: Modify current law provisions pertaining to the procedures for valuing real estate to specify that if the assessor is using the income approach to property valuation in determining the value of a leased property, the assessor would be required to consider the effects of the actual rent and provisions of all leases affecting the property. Specify that this requirement would first apply to properties assessed as of January 1, 2010.

Veto by Governor [F-5]: Delete provision.

[Act 28 Vetoed Sections: 1520d and 9343(4f)]

8. PROPERTY TAX EXEMPTION FOR CERTAIN TYPES OF HOUSING

Joint Finance: Modify and create property tax exemption provisions as follows:

a. *Religious, Educational, and Benevolent Associations.* Modify the current law exemption for religious, educational, and benevolent associations, women's clubs, historical societies, fraternities, and libraries to specify that leasing a part of residential housing that is owned and operated by a nonprofit organization as a facility that is licensed, certified, or registered as a care and service residential facility or as a hospice under current law provisions does not render the property taxable, regardless of how the lessor uses the leasehold income. Specify that leasing a part of residential housing that is occupied by one or more individuals with permanent disabilities for whom evidence is available that demonstrates that such individuals meet the medical definition of permanent disability used to determine eligibility for programs administered by the federal social security administration does not render the property taxable, regardless of how the lessor uses the leasehold income.

b. *Low-Income Housing.* Create an exemption for low-income housing. Increase the current acreage limitation for exempt property owned by churches or religious or benevolent associations that is used for a low-income housing project from 10 acres to 30 acres, but provide that no more than 10 contiguous acres may be exempt in any one municipality. Extend these limitations to all low-income property under common control. Define low-income housing as any

WHEDA housing project, as exempted under "c," or any residential unit within a low-income housing project that is occupied by a low-income or very low-income person or is vacant and is only available to such persons. Define "low-income housing project" as a residential housing project for which at least 75% of the occupied residential units are occupied by low-income or very low-income persons or are vacant and available only to low-income or very low-income persons and at least one of the following applies: (1) at least 20% of the residential units are rented to persons who are very low-income persons or are vacant and are only available to such persons; or (2) at least 40% of the residential units are rented to persons whose income does not exceed 120 percent of the very low-income limit or are vacant and only available to such persons.

In addition, for purposes of the exemption, require the determination of low-income persons and very low-income persons to be made in accordance with the income limits published by the federal Department of Housing and Urban Development (USHUD) for low-income and very low-income families under the National Housing Act of 1937 and provide that all properties included within the same federal USHUD contract or within the same federal Department of Agriculture (USDA) rural development contract are considered to be one low-income housing project.

Provide that leasing property that is exempt from taxation as low-income housing does not render it taxable regardless of how the leasehold income is used. Require each person who owns a low-income housing project to annually file, no later than March 1, with the assessor of the taxation district in which the project is located, a statement that specifies which units were occupied on January 1 of that year by persons whose income satisfied the income limit requirements under the exemption, as certified by the property owner to the appropriate federal or state agency, and a copy of the USHUD contract or USDA rural development contract, if applicable. Extend the current law provision that authorizes the Department of Revenue to prescribe tax forms to the format and distribution of the statements. Authorize the taxation district assessor to require that a property owner submit other information to prove that the person's property qualifies as low-income housing that is exempt from taxation. Require the taxation district assessor to send a property owner a notice, by certified mail, to the owner's last known address of record, if the assessor has not received a statement by March 1. Require the notice to state that failure to file a statement subjects the owner to penalty. Provide that a person who fails to file a statement within 30 days after notification shall forfeit \$10 for each succeeding day on which the form is not received by the taxation district assessor, but not more than \$500.

c. *Housing Projects Financed by the Wisconsin Housing and Economic Development Authority (WHEDA)*. Create an exemption for all property of a housing project that satisfies all of the following: (1) it is owned by a corporation, organization, or association described as a nonprofit entity under section 501(c)(3) of the Internal Revenue Code and that is exempt from taxation under section 501(a) of the Internal Revenue Code; (2) it is financed by WHEDA under provisions related to low-income housing; (3) WHEDA holds a first-lien mortgage security interest on it; and (4) it is in existence on January 1, 2008.

d. *Retirement Homes for the Aged*. Create an exemption for property that is used as a retirement home for the aged. Specify that the exempt property may not exceed 30 acres of land

necessary for the location and convenience of buildings and that the property may not be used for profit. Limit the exemption to individual dwelling units that have a fair market value, as determined by the assessor of the taxation district in which the property is located, that is less than 160% of the average equalized value of improved parcels of residential property located in the county in which the retirement home for the aged is located in the previous year. Require the assessor to exclude the value of any common area in making the determination of an individual dwelling unit's fair market value. Base the determination of the average equalized value of improved parcels of residential property for each county on the sum of the average per parcel equalized value of residential land and the average per parcel equalized value of residential improvements within each county, as determined by the Department of Revenue. If 50% or more of the home's individual dwelling units are exempt from general property taxes under this provision, provide that the common area of the retirement home for the aged is exempt. If less than 50% percent of the home's individual dwelling units are exempt, provide that an equal percentage of the common area of the retirement home for the aged shall be exempt. Provide that leasing a part of the property does not render it taxable, regardless of how the lessor uses the leasehold income.

e. *Omitted Property.* Provide that current law provisions related to the taxation of omitted property do not apply to property that is exempt as low-income property or as a retirement home for the aged for the years before 2009.

f. *Initial Applicability.* Extend these provisions to property tax assessments as of January 1, 2009, except extend the provisions related to the exemption of retirement homes for the aged to property tax assessments as of January 1, 2010.

Assembly: Delete provision.

Senate: Restore the Joint Finance provision, modified as follows: (a) reduce the valuation threshold used to distinguish between taxable and exempt individual dwelling units within retirement homes for the aged, from 160% to 100%; (b) delete the provision directing assessors to exclude the value of any common area in determining the value of individual dwelling units in applying the valuation threshold; and (c) change the title of the subsection entitled "Retirement Homes for the Aged" to "Benevolent Retirement Homes for the Aged" and specify that property must be owned by a benevolent association in order to be exempt.

Conference Committee/Legislature: Modify the Senate provision as follows: (a) increase the valuation threshold used to distinguish between taxable and exempt individual dwelling units within retirement homes for the aged from 100% to 130%; (b) restore the original provision directing assessors to exclude the value of any common area in determining the value of individual dwelling units in applying the valuation threshold; (c) change the title of the subsection entitled "Low-Income Housing" to "Benevolent Low-Income Housing;" (d) specify that property must be owned by a nonprofit entity that is a benevolent association in order to be exempt as either benevolent low-income housing or as a benevolent retirement home for the aged; and (e) change the provision related to common areas in retirement homes for the aged where less than 50% of the dwelling units are exempt, to specify that the common areas in those

retirement homes would be fully taxed.

[Act 28 Sections: 1515m, 1516d thru 1516h, 9143(3d), and 9343(21cd)]

9. PROPERTY TAX EXEMPTION FOR STUDENT HOUSING

Assembly: Create a property tax exemption for all real and personal property of a housing facility if: (a) the facility is owned by a nonprofit organization; (b) at least 90% of the facility's residents are students enrolled at a public or private institution of higher education and the facility houses no more than 300 such students; and (c) the facility offers support services and outreach programs to its residents, the public or private institution of higher education at which the student residents are enrolled, and the public. Specify that if a nonprofit organization owns more than one housing facility, the exemption applies to only one facility at one location. Provide that leasing a part of the property does not render the property taxable if the lessor uses the leasehold income for maintenance of the leased property, construction debt retirement of the leased property, or for purposes which are the basis for the nonprofit organization's exempt status under the Internal Revenue Code. Extend these provisions to property tax assessments as of January 1, 2010.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision, but modify it by changing the requirement that at least 90% of the facility's residents are students enrolled at a public or private institution of higher education to instead require that at least 90% of the facility's residents are students enrolled at the University of Wisconsin - Madison.

[Act 28 Sections: 1515m, 1516c, and 9343(21g)]

10. DEFINITION OF AGRICULTURAL LAND FOR PROPERTY TAX PURPOSES

Senate: Modify the definition of agricultural land for purposes of property taxation to exclude any land that is platted or zoned for residential, commercial, or industrial use. Specify that this provision would first apply to properties assessed as of January 1, 2010.

Conference Committee/Legislature: Delete provision.

Local Revenue Options

1. EXPANSION OF PREMIER RESORT AREA TAX [LFB Paper 720]

Governor: Make the following modifications to the premier resort area tax:

Premier Resort Area Tax Rate. Specify that any municipality that enacted an ordinance imposing a 0.5% premier resort area tax that became effective prior to January 1, 2000, may amend the ordinance to increase the tax rate to 1.0%. Only the Village of Lake Delton and the City of Wisconsin Dells would meet the specified effective date. They could increase their tax rate on the first day of any calendar quarter, provided that they deliver a certified copy of the amended ordinance to DOR at least 120 days in advance of its effective date.

Premier Resort Area Tax Base. Under current law, a municipality or county that enacts an ordinance to impose a premier resort area tax may impose a tax at a rate of 0.5% on the gross receipts from the sale, lease, or rental of goods or services in the municipality or county that are taxable under the state's general sales and use taxes. Either a county or a municipality in that county may impose the tax, but not both. The gross receipts of goods and services are only subject to the premier resort area tax if sold by certain businesses that are included on a statutory list of standard industrial classification (SIC) codes, as published by the U.S. Office of Management and Budget in its 1987 edition of the SIC manual.

Currently, the cities of Bayfield, Eagle River, and Wisconsin Dells and the Village of Lake Delton impose a premier resort area tax. The bill would add the following SIC classifications to the list of businesses whose gross receipts are subject to the premier resort area tax.

- 5251 -- Hardware stores.
- 5411 -- Grocery stores.
- 5531 -- Auto and home supply stores.
- 5731 -- Radio, television, and consumer electronics stores.
- 5734 -- Computer and computer software stores.
- 5735 -- Record and prerecorded tape stores.
- 7215 -- Coin-operated laundries and dry cleaning.
- 7832 -- Motion picture theaters, except drive-in.
- 7841 -- Video tape rental.
- 7933 -- Bowling centers.

Specify that the gross receipts of businesses within these classifications would first be subject to the premier resort area tax on the first day of the third month beginning after publication of the budget act.

Infrastructure Expenses. Expand the definition of infrastructure expenses for which premier resort area tax proceeds could be used to include exposition center facilities that are used primarily for conventions, expositions, trade shows, musical or dramatic events, or other events involving educational, cultural, recreational, sporting, or commercial activities. Under current law, these proceeds can only be used to pay for statutorily specified infrastructure expenses within the premier resort area's jurisdiction, which generally include transportation facilities, recreational facilities, and public safety-related equipment.

Joint Finance/Legislature: Delete the provision that would expand the tax base for all existing premier resort areas by adding to the list of businesses that would be subject to the

premier resort area tax in these areas.

[Act 28 Sections: 1491, 1874 thru 1887, and 1888]

2. **BURNETT COUNTY TEMPORARY SALES TAX**

Senate/Legislature: Specify that the Burnett County board could adopt an ordinance to increase its sales and use taxes for up to a three-year period from a 0.5% rate to 1.0% rate if the increase is approved by a majority of the electors of the county at a countywide referendum. Specify that revenues from the increased taxes could only be used for the purpose of upgrading radio towers in order to satisfy the Federal Communications Commission requirements to update a radio frequency with a narrow bandwidth by 2013.

Specify that the ordinance increasing the taxes must be effective on the first day of January, the first day of April, the first day of July, or the first day of October. Require that a certified copy of the ordinance be delivered to the Secretary of the Department of Revenue at least 120 days prior to its effective date. Specify that a certified copy of a repeal ordinance of the tax must be delivered to the Secretary at least 120 days before the effective date of the repeal and that the repeal must take effect on December 31. Specify that the tax may be imposed for no more than three years from the date on which the tax is first imposed.

Veto by Governor [F-7]: Delete provision.

[Act 28 Vetoed Sections: 1856j, 1860 (as it relates to this item), 1861 (as it relates to this item), 1862 (as it relates to this item), 1863 (as it relates to this item), and 9443 (14u)]

Other Credits

Descriptions of the budget provisions related to the earned income tax credit, veterans and surviving spouses property tax credit, jobs tax credit, enterprise zone jobs tax credit, film production services credit, meat processing facility investment credit, dairy manufacturing facility investment credits, beginning farmer and farm asset owner tax credit, and cigarette and tobacco products tax refunds are provided under "General Fund Taxes."

STATE FAIR PARK

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,598,400	\$5,000,400	\$5,000,400	\$5,000,400	\$5,000,400	\$402,000	8.7%
PR	<u>36,487,400</u>	<u>33,874,300</u>	<u>32,143,200</u>	<u>32,143,200</u>	<u>32,143,200</u>	<u>- 4,344,200</u>	- 11.9
TOTAL	\$41,085,800	\$38,874,700	\$37,143,600	\$37,143,600	\$37,143,600	- \$3,942,200	- 9.6%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
PR	29.40	29.40	29.40	29.40	29.40	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$256,400
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Governor/Legislature: Provide adjustments to the base budget for: (a) full funding of salaries and fringe benefits (\$29,500 annually); (b) overtime (\$114,600 annually); (c) night and weekend pay differential (\$600 annually); (d) full funding of lease costs and directed moves (-\$16,500 annually); and (e) minor transfers within the same appropriation (under general program operations, delete \$334,900 annually from supplies and services and add \$334,900 annually to LTE salaries and fringe benefits).

2. ACROSS-THE-BOARD 1% REDUCTIONS

PR	- \$287,600
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Governor/Legislature: Delete \$143,800 annually as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Park operations	\$14,154,600	-\$141,600
PR	Capital expenses	224,000	-2,200

3. STATE EMPLOYEE FURLOUGH

PR	- \$111,800
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Joint Finance/Legislature: Delete \$55,900 PR annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium.

4. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

PR	- \$73,000
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Joint Finance/Legislature: Delete \$36,500 PR annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009.

5. GENERAL PROGRAM OPERATIONS REDUCTION [LFB Paper 730]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	-\$2,247,700	-\$1,546,300	-\$3,794,000

Governor: Reduce expenditure authority by \$1,097,500 in 2009-10 and by \$1,150,200 in 2010-11 for State Fair Park general operations. The reduction reflects lower anticipated expenditures relating in part to renegotiated contracts and outsourcing of operations for the dairy bakery and for ticketing services on the fair midway.

Joint Finance/Legislature: Adopt the Governor's recommendation. In addition, delete: (a) \$1,040,500 PR in 2009-10 (\$1,018,700 from operations and \$21,800 from capital expenses); and (b) \$505,800 PR in 2010-11 (\$484,000 from operations and \$21,800 from capital expenses) to bring budgeted expenditures in line with revenues anticipated for the biennium. Under the act, State Fair Park operations, including capital expenses, are budgeted at approximately \$12.1 million in 2009-10 and \$12.6 million in 2010-11. Total operations and debt service supported by park revenues are budgeted at \$15.8 million in 2009-10 and \$16.4 million in 2010-11.

6. DEBT SERVICE REESTIMATES

GPR	\$402,000
PR	- 334,200
Total	\$67,800

Governor/Legislature: Provide \$189,300 GPR in 2009-10 and \$212,700 GPR in 2010-11, and delete \$229,600 PR in 2009-10 and \$104,600 PR in 2010-11 to reflect estimated principal and interest payments on bonds. Increased GPR-funded debt service is primarily associated with payments for barns and facilities for hosting agricultural events, as well as for some land purchases and infrastructure improvements. Other

GPR-funded debt service is associated with a youth dormitory and administrative offices. PR debt service is funded by park revenues, and it supports payments for construction and renovation of other park facilities, including the grandstand and racetrack at the Milwaukee Mile and the Pettit National Ice Center. Under the act, GPR-funded debt service is estimated at approximately \$2.5 million annually, while PR debt service is estimated at \$3.6 million in 2009-10 and \$3.8 million in 2010-11.

The state sold the Pettit National Ice Center in January, 2007, to the Pettit National Ice Center, Inc., the corporation that operated the center while it was under state ownership. The state placed the proceeds of the sale into a bond redemption fund intended to fund payments on the bonds issued to build the ice center. These proceeds will provide approximately \$868,000 each year in 2009-11 toward PR debt service obligations.

STATE TREASURER

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
PR	\$10,799,600	\$10,371,400	\$10,128,600	\$10,128,600	\$10,128,600	-\$671,000	- 6.2%
SEG	<u>1,779,400</u>	<u>1,678,400</u>	<u>1,658,800</u>	<u>1,658,800</u>	<u>1,658,800</u>	<u>- 120,600</u>	- 6.8
TOTAL	<u>\$12,579,000</u>	<u>\$12,049,800</u>	<u>\$11,787,400</u>	<u>\$11,787,400</u>	<u>\$11,787,400</u>	<u>-\$791,600</u>	- 6.3%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
SEG	<u>3.15</u>	<u>3.15</u>	<u>3.15</u>	<u>3.15</u>	<u>3.15</u>	<u>0.00</u>
TOTAL	14.70	10.70	10.70	10.70	10.70	- 4.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments to the base totaling -\$210,100 PR and -\$41,600 SEG and -4.0 PR project positions annually. Adjustments are for: (a) removal of non-continuing items (-\$168,800 PR and -4.0 PR project positions annually); (b) full funding of continuing salaries and fringe benefits (-\$24,600 PR and -\$34,500 SEG annually); and (c) full funding of lease costs and directed moves (-\$16,700 PR and -\$7,100 SEG annually).

	Funding	Positions
PR	-\$420,200	- 4.00
SEG	<u>- 83,200</u>	<u>0.00</u>
Total	<u>-\$503,400</u>	<u>- 4.00</u>

2. ACROSS-THE-BOARD 1% REDUCTIONS

Governor/Legislature: Delete \$54,000 PR and \$8,900 SEG, annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

PR	-\$108,000
SEG	<u>- 17,800</u>
Total	<u>-\$125,800</u>

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Unclaimed Property Administration	\$5,128,200	-\$51,300
PR	Processing Services	271,600	- 2,700*
SEG	College Savings Administration	822,700	-8,200
SEG	College Tuition Expenditure Program	67,000	-700

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

3. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

PR	- \$20,600
SEG	- 7,800
Total	- \$28,400

Joint Finance/Legislature: Delete \$14,200 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$10,300 PR and \$3,900 SEG.

4. STATE EMPLOYEE FURLOUGH

PR	- \$31,800
SEG	- 11,800
Total	- \$43,600

Joint Finance/Legislature: Delete \$21,800 annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$15,900 PR and \$5,900 SEG.

5. AGENCY 5.135% BUDGET REDUCTIONS

PR	- \$554,400
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Joint Finance/Legislature: Delete \$277,200 annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. Annual reductions amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	Processing services	\$271,600	-\$13,900
PR	Unclaimed property; administrative expenses	5,128,200	-263,300

6. LOCAL GOVERNMENT INVESTMENT POOL PROGRAM-MING

PR	\$100,000
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Governor/Legislature: Provide \$100,000 in 2009-10 under the agency's processing services appropriation to update software applications used to operate the Local Government Investment Pool.

Under current law, local units of government may make short-term investments with the State Investment Fund. The Office currently maintains the web-based computer applications used by local units of government to access these investment options. This provision would provide funding for a new web-based application hosted by the Department of Administration.

7. UNCLAIMED PROPERTY PROJECT POSITIONS

PR	\$364,000
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Joint Finance/Legislature: Provide \$180,000 in 2009-10 and \$184,000 in 2010-11 and 4.0 permanent positions annually for managing unclaimed property cash revenue accounts and database, claims review and processing, management reconciliation of stock portfolios, and security and sale of safe deposit contents. Delete these positions on June 30, 2011.

SUPREME COURT

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$28,571,200	\$29,684,200	\$29,684,200	\$29,684,200	\$29,684,200	\$1,113,000	3.9%
FED	1,792,000	1,853,600	1,853,600	1,853,600	1,853,600	61,600	3.4
PR	28,232,400	29,455,400	29,466,600	29,466,600	29,466,600	1,234,200	4.4
SEG	<u>1,527,600</u>	<u>1,536,200</u>	<u>1,536,200</u>	<u>1,536,200</u>	<u>1,536,200</u>	<u>8,600</u>	0.6
TOTAL	\$60,123,200	\$62,529,400	\$62,540,600	\$62,540,600	\$62,540,600	\$2,417,400	4.0%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	115.50	115.50	115.50	115.50	115.50	0.00
FED	6.00	5.00	5.00	5.00	5.00	- 1.00
PR	96.25	95.25	95.25	95.25	95.25	- 1.00
SEG	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>
TOTAL	222.75	220.75	220.75	220.75	220.75	- 2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 740]

Governor/Legislature: Provide adjustments to the base of \$1,496,800 and -2.0 positions in 2009-10 and \$1,390,500 and -3.0 positions in 2010-11 for: (a) full funding of salaries and fringe benefits (\$585,600 GPR, \$95,500 FED, \$685,300 PR, and \$14,800 SEG annually); (b) full funding of lease costs (\$113,800 GPR, \$400 FED, \$74,500 PR, and -\$2,900 SEG annually); and (c) removal of non-continuing items (-\$62,300 FED and -1.0 FED position and -\$7,900 PR and -1.0 PR position in 2009-10, and -\$67,900 FED and -1.0 FED position and -\$108,600 PR and -2.0 PR positions in 2010-11).

	Funding	Positions
GPR	\$1,398,800	0.00
FED	61,600	- 1.00
PR	1,403,100	- 2.00
SEG	<u>23,800</u>	<u>0.00</u>
Total	\$2,887,300	- 3.00

2. **ACROSS-THE-BOARD 1% REDUCTIONS** [LFB Paper 174]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$285,800	\$0	-\$285,800
PR	-282,400	11,200	-271,200
SEG	<u>-15,200</u>	<u>0</u>	<u>-15,200</u>
Total	-\$583,400	\$11,200	-\$572,200

Governor: Delete \$291,700 annually (-\$142,900 GPR, -\$141,200 PR, and -\$7,600 SEG), as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Supreme Court	\$4,970,300	-\$49,700*
GPR	Director of State Courts (DSC)	7,228,700	-72,300*
PR	Court Commissioner Training	61,700	-600*
PR	Court Interpreter Training & Certification	45,600	-500
PR	DSC Materials and Services	60,900	-600
PR	Municipal Judge Training	148,700	-1,500*
PR	Court Information Systems	9,580,800	-95,800*
PR	Central Services	224,800	-2,200*
SEG	Mediation Fund	763,800	-7,600
PR	Board of Bar Examiners	718,400	-7,200*
PR	Office of Lawyer Regulation	2,576,100	-25,800*
GPR	Law Library	2,086,600	-20,900*
PR	Library Collections and Services	138,600	-1,400*
PR	Law Library Gifts and Grants	560,600	-5,600*

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Delete the reductions to the law library gifts and grants appropriation (\$5,600 PR annually).

3. **CONVERSION OF PROJECT ASSISTANT LITIGATOR POSITION TO PERMANENT**

	Funding	Positions
PR	\$102,300	1.00

Governor/Legislature: Provide \$7,900 in 2009-10 and \$94,400 in 2010-11 and 1.0 position annually to convert a 1.0 project assistant litigation counsel position for the Office of Lawyer Regulation (OLR) into a permanent position. The Office of Lawyer Regulation investigates alleged violations of the rules of professional conduct for attorneys licensed to practice law in Wisconsin. Program revenue to support the position is received from the State Bar of Wisconsin and any other revenue derived from OLR activities.

4. EXTENSION OF COURT AUDITOR PROJECT POSITION

Governor/Legislature: Provide a two-year extension of the 1.0 GPR auditor position that was provided under 2007 Act 20. Act 20 provided funding and a project auditor position to begin a standardized county court cost reporting program for county court costs and revenues. Under the program, the Director of State Courts Office worked with county financial officers and clerks of circuit court to develop the Circuit Court Revenue and Expenditure Uniform Chart of Accounts for use beginning with 2008 data. According to the Director of State Courts, the project position will end before an audit of the 2008 data can be completed.

Base funding of \$73,000 annually and 1.0 GPR two-year project position were not removed in conjunction with the standard budget adjustment for removal of non-continuing items. As a result, this funding and position authority remains in the Supreme Court's base budget.

5. ADDITIONAL AGENCY BUDGET REDUCTIONS

GPR-Lapse \$7,411,400

Joint Finance/Legislature: Specify that the Chief Justice, acting as administrative head of the judicial system, take actions during the 2009-11 biennium to ensure that an amount equal to \$7,411,400 is lapsed to the general fund from: (a) appropriations under the Circuit Courts; (b) appropriations under the Court of Appeals; and (c) sum certain appropriations or subtracted from expenditure estimates for other types of appropriations under the Supreme Court. The lapse or transfer amount would be attributable to forgoing the 2% wage adjustment (\$1,588,500 annually), the 16-day furlough (\$1,175,200 annually), and an additional across-the-board reduction (\$942,000 annually).

[Act 28 Section: 9247(1c)]

TOURISM

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$7,290,800	\$6,068,800	\$5,879,400	\$5,879,400	\$5,879,400	-\$1,411,400	- 19.4%
PR	18,993,600	17,855,800	17,164,400	17,164,400	17,164,400	- 1,829,200	- 9.6
SEG	<u>5,923,800</u>	<u>5,126,000</u>	<u>4,997,200</u>	<u>4,997,200</u>	<u>4,997,200</u>	<u>- 926,600</u>	- 15.6
TOTAL	\$32,208,200	\$29,050,600	\$28,041,000	\$28,041,000	\$28,041,000	-\$4,167,200	- 12.9%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	38.40	30.45	30.45	30.45	30.45	- 7.95
PR	0.00	0.00	1.00	1.00	1.00	1.00
SEG	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>0.00</u>
TOTAL	41.40	33.45	34.45	34.45	34.45	- 6.95

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$91,000
PR	3,200
SEG	<u>- 185,600</u>
Total	- \$91,400

Governor/Legislature: Provide adjustments to the base budget for:

(a) full funding of salaries and fringe benefits (\$75,300 GPR and \$15,100 SEG annually); (b) night and weekend differential (\$5,700 GPR annually); and (c) full funding of lease costs and directed moves (-\$35,500 GPR, \$1,600 PR and -\$107,900 SEG annually).

2. ACROSS-THE-BOARD 1% REDUCTIONS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$73,000	\$0	-\$73,000
PR	-187,800	200	-187,600
SEG	<u>-52,200</u>	<u>0</u>	<u>-52,200</u>
Total	-\$313,000	\$200	-\$312,800

Governor: Delete \$156,500 annually as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$3,645,400	-\$36,500
PR	Gifts, grants and proceeds	6,200	-100*
PR	Tourism marketing; gaming revenue	9,149,400	-91,500
PR	Tourism promotion; other sources	100,000	-1,000
PR	Kickapoo Valley Reserve (KVR) operations	107,300	-1,000
PR	KVR law enforcement services	32,300	-300
SEG	Administrative services; conservation fund	12,200	-100
SEG	Tourism marketing; transportation fund	2,200,000	-22,000
SEG	KVR operations; conservation fund	414,900	-4,000*

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Adopt the Governor's recommendation, but restore \$100 PR annually under gifts and grants.

3. AGENCY 5.135% BUDGET REDUCTIONS

GPR	-\$374,400
PR	-954,000
SEG	<u>-226,000</u>
Total	-\$1,554,400

Joint Finance/Legislature: Delete \$777,200 annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. The annual reductions include \$187,200 GPR, \$477,000 PR, and \$113,000 SEG. Reductions are as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$3,645,400	-\$187,200
PR	Tourism marketing; gaming revenue	9,149,400	-469,800
SEG	Tourism marketing; transportation fund	2,200,000	-113,000
PR	Kickapoo Valley Reserve (KVR) operations	107,300	-5,500
PR	KVR law enforcement services	32,300	-1,700

4. STATE EMPLOYEE FURLOUGH

GPR	-\$108,600
SEG	<u>-10,400</u>
Total	-\$119,000

Joint Finance/Legislature: Delete \$59,500 annually relating to the

requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$54,300 GPR and \$5,200 SEG annually.

5. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

GPR	- \$71,000
SEG	<u>- 6,800</u>
Total	- \$77,800

Joint Finance/Legislature: Delete \$38,900 annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$35,500 GPR and \$3,400 SEG annually.

6. WISCONSIN WELCOME CENTERS CLOSING [LFB Paper 745]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$875,400	- 7.95	\$0	0.00	-\$875,400	- 7.95
PR	- 203,200	0.00	160,000	0.00	- 43,200	0.00
SEG	<u>- 560,000</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>- 560,000</u>	<u>0.00</u>
Total	-\$1,638,600	- 7.95	\$160,000	0.00	-\$1,478,600	- 7.95

Governor: Delete \$374,500 GPR and \$200,000 transportation SEG in 2009-10, and \$500,900 GPR and \$360,000 transportation SEG in 2010-11 with 7.95 GPR positions annually, and \$101,600 tribal gaming PR annually to delete funding and positions for the Wisconsin Welcome Centers, which closed in April, 2009. Tourism would retain \$160,000 SEG in 2009-10 for grants to local organizations that may assume staffing and operations of the Wisconsin Welcome Centers.

Tourism operated eight centers in Superior, Hurley, Marinette, Kenosha, Beloit, Kieler (Grant County), La Crosse and Hudson. The Kieler and Marinette centers operated from April through October, while the rest operated year-round. Tourism closed two other centers in Prairie du Chien and Genoa City in 2007. Tourism allocated between 0.65 and 2.0 permanent positions and limited-term employment (LTE) staff for each location. Tourism has retained 4.0 full-time positions previously related to the welcome centers, and has reassigned these positions within the Department. The provision also deletes LTE funding for the equivalent of 7.8 full-time employees. This LTE staffing was filled by approximately 30 part-time employees.

Joint Finance/Legislature: Adopt the Governor's recommendation, but restore \$160,000 tribal gaming PR beginning in 2010-11. Authorize Tourism to allocate that amount for grants to local entities for the operation of regional tourist information centers.

Eligible applicants would be any of the following, or a combination of the following: (a) not-for-profit organizations whose primary purposes include tourism to or in Wisconsin; (b) organizations, including elected bodies, of federally recognized Native American tribes; or (c) cities, towns, villages or counties. Specify that eligible applicants must operate regional tourist information centers, which: (a) provide informational and promotional materials on cultural or recreational attractions in the region; and (b) are places at which visitors to the state or region

would reasonably be assumed to stop while traveling to or from recreational or cultural destinations. Specify that a region consists of two or more counties.

Specify that grants are on a reimbursement basis of up to 50% of eligible costs, including compensation of employees and acquisition of promotional materials and standard display equipment. Require that Tourism and a grant recipient enter a written agreement to specify the terms of the grant, with any written agreement to include: (1) a description of the tourist information center being operated; (2) a preliminary itemized statement of estimated total costs; (3) an itemized statement of actual expenditures prior to reimbursement; and (4) any conditions for the release of the funds. Specify that funds may not be released except in accordance with the written agreement and only after presentation of receipts for expenditures by an applicant organization. Require Tourism to promulgate rules for administration of the grant program.

Veto by Governor [C-18]: Delete the provisions specifying the requirements of a written agreement, but retain the requirement that Tourism and a grant recipient enter a written agreement. Further, delete requirements relating to the documentation of expenses for the release of funds. Tourism could address these criteria of the grant program under the rule-making process.

[Act 28 Sections: 290m and 817m]

[Act 28 Vetoed Section: 817m]

7. TRIBAL FUNDS FOR TOURISM MARKETING

PR	- \$750,000
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Governor/Legislature: Reduce the tourism marketing appropriation funded from tribal gaming revenues by \$375,000 annually. Tourism had expenditure authority of \$11.35 million annually for marketing in the 2007-09 biennium from tribal gaming revenues (\$9.15 million) and transportation fund SEG (\$2.2 million). This reduction, combined with other recommended adjustments, decreases total marketing appropriations to approximately \$10 million annually in the 2009-11 biennium.

8. GENERAL PROGRAM OPERATIONS REDUCTION [LFB Paper 175]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$364,600	\$364,600	\$0

Governor: Reduce general program operations by \$182,300 GPR annually. This is part of a 5% reduction in certain GPR appropriations.

Joint Finance/Legislature: Delete provision. Tourism had base expenditure authority of approximately \$3.8 million for general operations in the 2007-09 biennium, which excludes marketing appropriations. Combined with other adjustments, Tourism has approximately \$3

million annually for general operations in the 2009-11 biennium.

9. GRANTS TO NATIVE AMERICAN TOURISM OF WISCONSIN [LFB Paper 746]

Governor/Legislature: Require Tourism to make grants of at least \$200,000 annually to Native American Tourism of Wisconsin (NATOW) from any available tourism marketing appropriations. NATOW is a project of the Great Lakes Inter-Tribal Council to promote cultural or natural destinations of Wisconsin's 11 native tribes.

The statutes require that Tourism make regular grants from available marketing appropriations, which are funded by tribal gaming PR and transportation fund SEG, to the following organizations: (a) \$125,000 annually for marketing of sporting activities and events; (b) \$25,000 annually for state sponsorship of, and advertising during, broadcasts of the Milwaukee Symphony Orchestra; (c) \$50,000 biennially to America's Black Holocaust Museum of Milwaukee; and (d) \$200,000 biennially to the Milwaukee Public Museum for Native American exhibits and activities. For biennial grants, Tourism splits the specified amounts into annual payments. Earmarked expenditures total \$475,000 annually under the act.

Tourism reports that under previous law, it spent approximately \$60,000 annually with NATOW, including sponsorship of NATOW's annual conference (\$10,000), printing costs of a series of publications under the title "Native Wisconsin" (\$36,000), and other advertising and marketing (\$14,000). Marketing efforts have included development of a marketing plan that promotes each of Wisconsin's tribes. GLITC indicates funding under the bill will support a tourism director position for the NATOW program, with associated supplies and travel costs, in addition to publication expenses for "Native Wisconsin" and other marketing activities.

[Act 28 Section: 817]

10. GRANTS TO MILWAUKEE PUBLIC MUSEUM [LFB Paper 746]

Joint Finance/Legislature: Specify that Tourism expend not less than \$200,000 in each biennium on behalf of the Milwaukee Public Museum to conduct or contract for marketing activities related to Museum exhibits or activities. This reflects Tourism's current practice. The current statutes require Tourism to expend at least \$200,000 biennially from available marketing appropriations for grants to the Museum for Native American exhibits and activities.

Veto by Governor [C-13]: Delete provision. The Governor's veto maintains current law.

[Act 28 Vetoes Section: 816m]

11. KICKAPOO VALLEY RESERVE EDUCATION COORDINATOR

	Funding	Positions
PR	\$102,400	1.00

Joint Finance/Legislature: Provide \$43,900 in 2009-10 and \$58,500 in 2010-11 with 1.0

unclassified education coordinator.

Prior to Act 28, the Reserve used LTE staff to coordinate and manage educational offerings for schools and the general public. Programs include: (a) one-day uses, which are primarily school group field trips; (b) summer day-camp programs for youth; (c) weekend and special events targeted to the general public; and (d) exhibits and other events in the Reserve's visitor center. The position will continue to coordinate these programs, as well as identify means to promote and increase program offerings and increase revenues through grants and other fundraising. The position will be funded under the Kickapoo Valley Reserve's program services PR appropriation, which receives revenues from educational programs, events held at the Reserve, camping and permit fees, timber harvests, agricultural leases, gifts and grants. Revenues for 2008-09 were approximately \$137,600, and the appropriation has an overall balance of approximately \$80,000.

**12. REESTIMATE KICKAPOO VALLEY RESERVE AIDS IN LIEU
OF PROPERTY TAXES [LFB Paper 747]**

SEG	\$114,400
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Joint Finance/Legislature: Provide an additional \$47,200 in 2010-11 and \$67,200 in 2010-11 from the forestry account of the segregated conservation fund to reflect estimated payments for aids in lieu of property taxes in the 2009-11 biennium.

TRANSPORTATION

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$135,500,600	\$148,626,700	\$153,484,100	\$155,081,800	\$155,081,800	\$19,581,200	14.5%
FED	1,561,466,400	1,843,201,600	1,640,618,100	1,640,618,100	1,640,618,100	79,151,700	5.1
PR	9,035,600	10,911,200	10,716,600	10,716,600	10,716,600	1,681,000	18.6
SEG	3,146,678,000	3,166,582,700	3,092,694,700	3,025,287,000	3,025,287,000	- 121,391,000	- 3.9
SEG-L	214,383,400	215,057,600	217,118,800	217,118,800	217,118,800	2,735,400	1.3
SEG-S	<u>411,415,800</u>	<u>377,330,000</u>	<u>377,933,400</u>	<u>377,933,400</u>	<u>377,933,400</u>	<u>- 33,482,400</u>	- 8.1
TOTAL	\$5,478,479,800	\$5,761,709,800	\$5,492,565,700	\$5,426,755,700	\$5,426,755,700	- \$51,724,100	- 0.9%
BR		\$770,743,200	\$1,014,105,400	\$1,313,105,400	\$1,313,105,400		

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
PR	16.00	16.00	16.00	16.00	16.00	0.00
SEG	2,575.17	2,541.87	2,594.72	2,571.62	2,571.62	- 3.55
SEG-S	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>0.00</u>
TOTAL	3,448.78	3,414.48	3,478.58	3,455.48	3,455.48	6.70

Budget Change Items

Transportation Finance

1. FUND CONDITION STATEMENT [LFB Paper 750]

The following table shows the transportation fund condition statement reflecting revenues and expenditures under provisions of Act 28.

	<u>2009-10</u>	<u>2010-11</u>
Unappropriated Balance, July 1	\$0	\$23,012,700
Revenues		
Motor Fuel Tax	\$958,251,900	\$960,235,900
Vehicle Registration Fees	652,079,000	657,312,400
Less Revenue Bond Debt Service	-178,274,300	-194,070,100
Driver's License Fees	44,756,100	45,031,100
Miscellaneous Motor Vehicle Fees	27,419,700	27,659,100
Aeronautical Fees and Taxes	9,846,900	10,208,800
Railroad Property Taxes	21,527,300	22,779,500
Investment Earnings	666,300	3,457,100
Miscellaneous Departmental Revenues	<u>30,001,800</u>	<u>37,958,400</u>
Total Annual Revenues	\$1,566,274,700	\$1,570,572,200
Total Available	\$1,566,274,700	\$1,593,584,900
Appropriations, Transfers, and Reserves		
DOT Appropriations	\$1,490,821,000	\$1,533,706,600
Other Agency Appropriations	27,271,500	27,521,000
Transfer to General Fund	32,914,800	32,914,800
Less Estimated Lapses	-12,902,600	-12,885,000
Compensation and Other Reserves	<u>5,157,300</u>	<u>9,089,200</u>
Net Appropriations, Transfers, and Reserves	\$1,543,262,000	\$1,590,346,600
Unappropriated Balance, June 30	\$23,012,700	\$3,238,300

2. FEDERAL STIMULUS FUNDS FOR HIGHWAY PROJECTS [LFB Papers 775 thru 778]

Governor: The following table reflects the bill's allocation of federal stimulus funds received by the state under the American Recovery and Reinvestment Act of 2009. As shown in the table, the total amount allocated in the 2009-10 appropriations would be \$281,850,500. The amounts allocated to the state highway rehabilitation program would be subdivided into a portion for projects anywhere in the state (\$110,010,700) and a portion for the Madison and Milwaukee urban areas (\$22,056,700). The federal act requires that a portion of the highway funds be distributed according to current federal highway formulas, which include a required set-aside for individual urban areas with a population exceeding 200,000, as well as set-asides (in aggregate, rather than individually) for smaller urban area categories. The set-asides for all urban categories do not require funds to be distributed to local governments for projects on highways under their jurisdiction, but only that a minimum amount be spent in the designated urban areas on either state or local highways. The administration indicates that DOT will be required to cooperate with the designated metropolitan planning organizations for urban areas to determine which projects would be funded. The federal act also requires a set-aside for the transportation enhancements program, which the bill would reflect in the local grant appropriation for the program.

<u>Appropriation</u>	<u>2009-10</u>
State Highway Rehabilitation--Statewide Projects	\$110,010,700
State Highway Rehabilitation--Milwaukee & Madison Urban Areas	22,056,500
Major Highway Development	76,000,000
Southeast Wisconsin Freeway Rehabilitation	61,100,000
Transportation Enhancements	<u>12,683,300</u>
Total	\$281,850,500

The Federal Highway Administration's preliminary indication is that the state will receive \$529.1 million from the highway component of the act. A provision of 2009 Wisconsin Act 2 requires DOT to allocate the first \$300.0 million in stimulus funds to 47 highway and bridge projects listed in that act. The Department indicates that the full \$300.0 million for these projects will likely be obligated in 2008-09, leaving \$229.1 million available for 2009-10, or \$52.8 million less than the amount reflected in the bill. The administration indicates that this discrepancy occurs since the Governor's bill was based on an earlier version of the federal bill, which would have provided a higher amount of highway aid.

Although the federal act would also provide funding for other transportation programs, such as mass transit, airports, and passenger rail, the bill would not reflect the receipt of funds in these areas.

Joint Finance/Legislature: With respect to the treatment of federal economic stimulus funds, the Joint Committee on Finance substitute amendment (and Act 28) would: (a) reduce the allocation of stimulus funds to state highway programs on a proportionate basis to reflect the actual amount of these funds remaining in 2009-10; (b) eliminate the allocation of funds in the state highway rehabilitation program for the Milwaukee and Madison urban areas to reflect that those funds will be distributed to individual projects in the local transportation facility improvement assistance and local bridge improvement assistance programs through a Joint Committee on Finance review process created under 2009 Act 2; and (c) adjust the allocation of stimulus funds to the transportation enhancements program to reflect the actual amount of these funds remaining in 2009-10.

The following table reflects the allocation of federal economic stimulus funds for state highway and transportation enhancement projects. The table does not reflect an allocation of an estimated \$102.8 million in stimulus funds for local highway and bridge projects in 2009-10, since the distribution of these funds between the two local programs will depend upon the individual projects that are selected for funding under the Act 2 approval process.

<u>Appropriation</u>	<u>2009-10</u>
State Highway Rehabilitation	\$24,888,200
Major Highway Development	17,193,800
Southeast Wisconsin Freeway Rehabilitation	13,822,900
Transportation Enhancements	<u>13,326,900</u>
Total	\$69,231,800

3. FEDERAL HIGHWAY FORMULA AID [LFB Paper 751]

Governor: Reestimate federal highway formula aid at \$651,479,600 in 2009-10 and \$651,433,100 in 2010-11, a reduction of \$217,500 in 2009-10 and \$264,000 in 2010-11 from the federal highway portion of the appropriation base for federal aid appropriations. The following table shows the allocation of federal highway formula aid among the Department's appropriations. The bill has above-base increases totaling \$1,777,900 in 2009-10 and \$8,391,800 in 2010-11 reflecting a proposed increase to the funding for the Hiawatha passenger rail service between Chicago and Milwaukee, and standard budget adjustments for the administration and planning and departmental management and operations appropriations. The federal funds appropriation for state highway rehabilitation is reduced by two separate adjustments. First, amounts are reduced by \$1,995,400 in 2009-10 and \$8,655,800 to offset the increases described above plus an additional amount to reflect the slight decrease in the total estimate of aid received. These decreases are, in turn, offset by SEG increases in that program. Second, another item would shift \$30,000,000 FED annually from the state highway rehabilitation program to the southeast Wisconsin freeway rehabilitation program and would make a corresponding SEG transfer from the southeast Wisconsin freeway rehabilitation program to the state highway rehabilitation program. The effect of these federal funds shifts are shown in the table, but the SEG shifts are not.

	Appropriation Base	Governor Change to Base		Governor Totals	
		2009-10	2010-11	2009-10	2010-11
Local Transportation Facility					
Improvement	\$72,291,300	\$0	\$0	\$72,291,300	\$72,291,300
Local Bridge Improvement	24,439,200	0	0	24,439,200	24,439,200
Rail Passenger Service	5,218,200	1,431,400	8,045,300	6,649,600	13,263,500
Railroad Crossing Improvements	3,299,600	0	0	3,299,600	3,299,600
Congestion Mitigation/ Air Quality Improvement	11,619,000	0	0	11,619,000	11,619,000
Transportation Enhancements Grants	6,251,600	0	0	6,251,600	6,251,600
Bicycle and Pedestrian Facilities	2,720,000	0	0	2,720,000	2,720,000
Safe Routes to School	3,230,100	0	0	3,230,100	3,230,100
Major Highway Development	78,975,000	0	0	78,975,000	78,975,000
State Highway Rehabilitation	345,747,300	-31,995,400	-38,655,800	313,751,900	307,091,500
Southeast WI Freeway Rehabilitation	80,091,600	30,000,000	30,000,000	110,091,600	110,091,600
Departmental Mgmt. and Operations	13,027,600	311,900	311,900	13,339,500	13,339,500
Administration and Planning	3,683,700	34,600	34,600	3,718,300	3,718,300
Highway Maint. and Traffic Operations	<u>1,102,900</u>	<u>0</u>	<u>0</u>	<u>1,102,900</u>	<u>1,102,900</u>
Total	\$651,697,100	-\$217,500	-\$264,000	\$651,479,600	\$651,433,100

Joint Finance/Legislature: The following table shows the changes to the Governor's allocation of federal highway formula aid by the Joint Committee on Finance and the final allocation under the substitute amendment (and Act 28). The Committee did not change the total estimate of federal highway formula aid, although the appropriations were adjusted to reflect the effect of reductions under separate decision items that would eliminate a scheduled 2% general wage adjustment for state employees and require an employee furlough. As a result

of these adjustments, the substitute amendment (and Act 28) would leave an estimated \$2,355,500 unallocated in each year. An additional adjustment was made to shift \$1,431,400 in 2009-10 and \$8,045,300 in 2010-11 from the appropriation for rail passenger service to the appropriation for state highway rehabilitation.

	Joint Finance/Leg. Change to Governor		Joint Finance/Leg.	
	2009-10	2010-11	2009-10	2010-11
Local Transportation Facility Improvement	-18,400	-18,400	\$72,272,900	\$72,272,900
Local Bridge Improvement	-8,100	-8,100	24,431,100	24,431,100
Rail Passenger Service	-1,431,400	-8,045,300	5,218,200	5,218,200
Railroad Crossing Improvements	-2,500	-2,500	3,297,100	3,297,100
Congestion Mitigation/ Air Quality Improvement	0	0	11,619,000	11,619,000
Transportation Enhancements Grants	0	0	6,251,600	6,251,600
Bicycle and Pedestrian Facilities	0	0	2,720,000	2,720,000
Safe Routes to School	0	0	3,230,100	3,230,100
Major Highway Development	-281,900	-281,900	78,693,100	78,693,100
State Highway Rehabilitation	-150,900	6,463,000	313,601,000	313,554,500
Southeast WI Freeway Rehabilitation	-359,400	-359,400	109,732,200	109,732,200
Departmental Mgmt. and Operations Administration and Planning	-102,900	-102,900	3,615,400	3,615,400
Highway Maint. and Traffic Operations	0	0	1,102,900	1,102,900
Total	-\$2,355,500	-\$2,355,500	\$649,124,100	\$649,077,600

4. OIL COMPANY PROFITS TAX [LFB Papers 750 and 752]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG-REV	\$271,815,200	-\$11,724,600	-\$260,090,600	\$0

Governor: Establish an oil company profits tax that would initially apply to the amounts reported on the first remittance of the taxes after October 1, 2009 (this would generally occur on October 15 for September sales). Deposit the revenues from the tax to the transportation fund and estimate increased revenues to the fund at \$100,324,900 in 2009-10 and \$171,490,300 in 2010-11.

Impose, for the privilege of doing business in this state, a tax on each motor vehicle fuel supplier's annual gross receipts (Although titled an oil company profits tax, the tax would actually be imposed on gross receipts, not profits, and the amount would be unrelated to a taxpayer's profitability). Define annual gross receipts to mean the gross receipts that correspond to the state's fiscal year. Establish the following tiered structure of tax rates for the oil company profits tax, which would increase as annual gross receipts increase.

<u>Total Gross Receipts</u>	<u>Tax Rate</u>
\$0 to \$15,000,000	0.0%
\$15,000,001 to \$75,000,000	0.5
\$75,000,001 to \$120,000,000	1.5
Over \$120,000,000	3.0

The tax would apply to the annual gross receipts that are derived from the first sale in this state of motor vehicle fuel received by the supplier for sale in this state, for sale for export to this state, or for export to this state. Specify the following for purposes of determining the amount of the oil company profits tax to be imposed: (a) with regard to a transfer of motor vehicle fuel from a supplier to a related party, the point of first sale in this state is the date of such transfer, and the annual gross receipts are calculated on a monthly basis using an index to be determined by rule by the Department of Revenue (DOR); and (b) there is only one point of first sale in this state with regard to the sale of the same motor vehicle fuel.

Specify that the following would not be included in gross receipts or be subject to the tax: (a) state or federal excise taxes, or petroleum inspection fees, collected from the purchaser; (b) consideration derived from sales of motor vehicle fuel if the fuel is biodiesel fuel or ethanol blended with gasoline to create fuel consisting of at least 85% ethanol (E85); and (c) income derived from sales for all current gasoline and diesel fuel uses that are exempt from the state motor vehicle fuel excise tax, some of which include fuel sold for use in mass transit, trains, and aircraft, for most nonhighway uses, and for use as a heating oil.

Specify that any person, including a terminal operator, who is not licensed by the state as a motor vehicle fuel supplier or exporter, and who either used any motor vehicle fuel in this state or has possession of any motor vehicle fuel, other than that contained in a motor vehicle's fuel tank, for which the tax has not been paid or for which no supplier has incurred liability for paying the tax, would be required to file a report, in the manner described by DOR, and pay the tax based on the purchase price of the fuel. These provisions would capture smaller entities that handle fuel, or any person who handles fuel, on which the tax has yet to be paid.

Require DOR to administer the oil company profits tax and deposit the revenue collected into the transportation fund. Specify that the oil company profits taxes would be due and payable on a monthly basis under the same process used for payment and collection of the state's motor vehicle fuel tax and as provided by DOR rule. This typically means that suppliers would have to remit the taxes no later than the 15th day of the month for motor vehicle fuel sold during the previous month (this would mean the initial remittance of a fuel supplier's taxes under the bill would be due on October 15, 2009, which would be based on September, 2009, fuel sales). Amend the current DOR segregated revenue appropriation from the transportation fund for the administration of the motor vehicle fuel excise tax to include the costs of administering the oil company profits tax as a purpose for which funds could be expended from the appropriation. The bill would provide \$150,000 in 2009-10 in this appropriation for initial costs of administering the oil company profits tax (the fiscal effect of this is shown under "Revenue -- Tax Administration").

Prohibit any person who is subject to the tax from increasing the selling price of motor vehicle fuel in order to recover the amount of the tax. This is often referred to as an "anti-pass-through" provision. Specify that the person primarily responsible for increasing the selling price of motor vehicle fuel to recover the amount of the tax would be subject to a penalty equal to the amount of the tax passed through to the purchaser. This person would be defined as: (a) the officer, employee, or other responsible person of a corporation, or other form of business association, who has the duty to approve, confirm, ratify, or validate the selling price of motor vehicle fuel; or (b) the partner, member, employee, or other responsible person of a partnership, limited liability company, or sole proprietorship, who has the duty to approve, confirm, ratify, or validate the selling price of motor vehicle fuel.

Allow DOR to audit any supplier who would be subject to the oil company profits tax to determine whether the supplier has increased the selling price of motor vehicle fuel in order to recover the amount of the tax. Subject to the confidentiality requirements under state income tax law, require DOR to annually submit a report to the Governor and the Legislature that contains information on all audits conducted in relation to this authority in the previous year.

Authorize DOR to take any action or conduct any proceeding, as authorized by law, and impose interest and penalties related to the administration of the tax. Specify that the current statutory authorities of DOR and the statutory rights and privileges of the taxpayers relative to the assessment, administration, and enforcement of the state income and franchise taxes, as they apply to those taxes, would also apply to the oil company profits tax. Specify that, at the request of the DOR Secretary, the Attorney General may represent the state or assist a district attorney in prosecuting any case arising from the administration and enforcement of the oil company profits tax.

Provide DOR the authority to promulgate emergency rules to implement the oil company profits tax. DOR would not be required to provide evidence that promulgating these emergency rules is necessary for the preservation of the public peace, health, safety, or welfare and would not be required to provide a finding of emergency to promulgate the rules.

For the purposes of the oil company profits tax, establish the following definitions:

- a. "biodiesel fuel" would mean fuel comprised of monoalkyl esters of long chain fatty acids derived from vegetable oils or animal fats that is not blended with any petroleum product;
- b. "motor vehicle fuel," "supplier," and "terminal operator" would have the same meaning that is currently applied under the state's motor vehicle fuel and aviation fuel excise tax laws; and
- c. "related party" would mean a person whose relationship with the supplier is described under Section 267(b) of the federal Internal Revenue Code.

The revenue estimates for the proposed oil company profits tax were based on quarterly projections of gasoline prices, net of state and federal taxes. The projected quarterly prices range from \$1.69 per gallon to \$1.87 per gallon for 2009-10 and from \$1.98 per gallon to \$2.46

per gallon for 2010-11. Using these estimated net fuel prices, the tax could be as high as 5.6 cents per gallon in 2009-10 and 7.4 cents per gallon in 2010-11, depending on a supplier's annual gross receipts.

Joint Finance: Increase transportation fund revenues by \$3,359,400 in 2009-10 and decrease revenues by \$15,084,000 to reflect a reestimate. Clarify that the oil profits tax would first apply to gross receipts received on or after September 1, 2009.

Assembly: Rename the "oil company profits tax" to be an "oil company assessment." Delete the tiered structure of tax rates and, instead, establish a fixed rate of 2% on each motor vehicle fuel supplier's annual gross receipts, effective with gross receipts received beginning August 1, 2009. Require DOR to establish the initial wholesale price for the purpose of determining gross receipts under the assessment at \$1.60 per gallon for August and September, 2009. In addition, provide the Department of Revenue the authority to promulgate rules to determine the calculation methodology for establishing the wholesale price in each subsequent calendar quarter beginning after the initial rate is established. Specify that DOR could not establish a quarterly, wholesale price lower than \$1.52 per gallon or higher than \$2.24 per gallon, both net of federal and state taxes and fees. Require DOR to provide notice of the established wholesale price no later than 14 days before any adjustment to the price. Define "gross receipts" as taxable gallons multiplied by the wholesale price, as published by DOR, for the calendar quarter in which the first sale of the taxable gallons occurred. Define "taxable gallons" as the number of gallons involved in the first sale of motor fuel received by a supplier for sale in this state, for sale for export to this state, or for export to this state, but exclude gallons of biodiesel fuel, E-85, and those exempt from the state's motor fuel tax.

Delete the provision that would prohibit any person who is subject to the tax from increasing the selling price of motor vehicle fuel in order to recover the amount of the tax and associated enforcement and audit provisions. This is often referred to as an "anti-pass-through" provision.

Under the oil company assessment provision, the assessments would range from 3.2 cents per gallon to 4.4 cents per gallon, based on current price forecasts. Estimated revenues to the transportation fund associated with these provisions would be \$97,734,300 in 2009-10 and \$126,431,600 in 2010-11. Compared to the Joint Finance version of the bill, revenues associated with the assessment would be reduced by \$5,950,000 in 2009-10 and \$29,974,700 in 2010-11.

Senate/Legislature: Delete provision.

5. TRANSFER FROM GENERAL FUND

Senate: Provide \$103,684,300 GPR in 2009-10 and \$156,406,300 GPR in 2010-11 in a new appropriation for making a transfer from the general fund to the transportation fund.

Conference Committee/Legislature: Delete provision.

6. USE OF TRANSPORTATION FUND REVENUES FOR GENERAL FUND PURPOSES
[LFB Paper 753]

	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
GPR-REV	\$139,712,200	- \$139,712,200	\$0
SEG-Transfer	139,712,200	- 139,712,200	0
GPR	\$4,857,400	\$1,597,700	\$6,455,100
SEG	- 139,712,200	- 65,000,000	- 204,712,200
BR	<u>139,712,200</u>	<u>65,000,000</u>	<u>204,712,200</u>
Total	\$4,857,400	\$1,597,700	\$6,455,100

Governor: The bill contains two types of provisions that involve the use of transportation fund revenues to assist the general fund. First, the bill would convert five existing, GPR appropriations in non-DOT agencies (three in DPI and two in DNR) to transportation fund appropriations, and, second, the bill would require the DOA Secretary to lapse or transfer \$160,000,000 in the biennium from unencumbered balances of appropriations to the general fund. [Although the bill, as drafted, allows the second provision to apply only to appropriated amounts, the administration indicates that it intended to provide DOA the authority to make these transfers from the unappropriated balances in program revenue accounts and segregated funds, including the transportation fund.]

The table below shows the amounts in the converted transportation fund appropriations and the amounts that the administration indicates it intended to transfer from the unappropriated balance in the transportation fund as part of the \$160 million lapse/transfer requirement. The transferred amounts are similar, although slightly larger than, the combined funding reductions in transportation fund appropriations associated with an item that would reduce most nonfederal appropriations by 1% and with other items identified as government efficiency measures.

	<u>2009-10</u>	<u>2010-11</u>
Appropriation Conversions		
Aid for Pupil Transportation	\$27,019,600	\$27,019,600
Aid for Pupil Transportation--Youth Options Program	19,800	19,800
Aid for Pupil Transportation--Open Enrollment	495,000	495,000
Car Killed Deer	509,500	509,500
State Park, Forest and Riverway Roads	<u>2,970,000</u>	<u>2,970,000</u>
Appropriation Conversions Subtotal	\$31,013,900	\$31,013,900
Intended Transfers	\$38,761,200	\$38,923,200
Grand Total	\$69,775,100	\$69,937,100
Biennial Total		\$139,712,200

Joint Finance: Delete the conversion of GPR appropriations to SEG appropriations and modify the lapse provision to exclude the \$77,684,400 intended transfer from the transportation fund. The fiscal effects of these provisions are shown in the affected agencies for the

appropriation conversions and in "Budget Management and Compensation Reserves" for the lapse provision.

In place of these provisions, require a transfer of \$139,712,200 from the unappropriated balance of the transportation fund to the general fund in the 2009-11 biennium. Reduce funding for the state highway rehabilitation program by \$69,856,100 SEG annually to allow for this transfer, but specify that the reduction in 2010-11 shall not be reflected in the 2010-11 base for the purpose of the preparation of the 2011-13 biennial budget. Authorize \$139,712,200 in general fund-supported, general obligation bonds for the state highway rehabilitation program to replace the SEG funding, and provide \$363,800 GPR in 2009-10 and \$4,493,600 GPR in 2010-11 to reflect estimated debt service on these bonds. Under this change, the Governor's proposed uses of transportation fund revenues for general fund purposes would be replaced with a single, one-time transfer, and general-fund supported bonds would be authorized to replace the transferred funds.

An additional transfer, estimated at \$32,914,800 annually, would be made from the transportation fund to the general fund under separate provisions that would transfer amounts generated by the following: (a) reducing certain appropriations, affecting most state agencies, by 5.135%; (b) the elimination of the 2% general wage adjustments scheduled for June 7, 2009; and (c) state employee furloughs. The fiscal effect of these items is summarized under "Budget Management and Compensation Reserves," but the effects of the transfer, plus the transfer discussed in the previous paragraph, are reflected in the transportation fund condition statement at the beginning of this section.

The following table summarizes the use of transportation fund revenues for general fund purposes under the substitute amendment (negative numbers signify a loss of revenues available for transportation programs).

	<u>2009-10</u>	<u>2010-11</u>	<u>Biennial Total</u>
Direct Transfer to General Fund	-\$69,775,100	-\$69,937,100	-\$139,712,200
Other Transfer to General Fund	<u>-32,914,800</u>	<u>-32,914,800</u>	<u>-65,829,600</u>
Total Transfer to General Fund	-\$102,689,900	-\$102,851,900	-\$205,541,800
Replacement Bonding	<u>69,856,100</u>	<u>69,856,100</u>	<u>139,712,200</u>
Net Impact on Transportation Programs	-\$32,833,800	-\$32,995,800	-\$65,829,600

Conference Committee/Legislature: Delete the transfer of \$139,712,200 from the transportation fund to the general fund, and reduce general fund revenue by \$69,775,100 in 2009-10 and \$69,937,100 in 2010-11 to reflect this change.

Reduce funding by \$32,500,000 SEG annually in the state highway rehabilitation program, but specify that the reduction shall not be reflected in the 2010-11 base for the purpose of the preparation of the 2011-13 biennial budget. Provide \$65,000,000 in general fund-supported, general obligation bonds for the state highway rehabilitation program to replace that reduction. Increase funding by \$182,800 GPR in 2009-10 and \$1,414,900 GPR in 2010-11 to reflect estimated

debt service on the bonds. When combined with the Joint Finance provision, the SEG appropriation for state highway rehabilitation is reduced by a total of \$102,356,100 annually, amounts that are replaced with general fund-supported bonds.

Although the Conference Committee provision would eliminate the direct transfer of \$139,712,200, it would not delete the general fund-supported bonds that were provided under the Joint Finance substitute amendment to replace the transferred funds. The bonds provided by the Conference Committee, when added to the bonds provided under the Joint Finance substitute amendment, equal a total of \$204,712,200 in general fund-supported bonds for the state highway rehabilitation program. Total debt service on these bonds is estimated at \$546,600 GPR in 2009-10 and \$5,908,500 in 2010-11.

The Conference Committee provision would eliminate the direct transfer from the transportation fund to the general fund, but would retain the separate transfer of \$32,914,800 annually, as described above under the Joint Finance provision. However, the amount of general fund-supported "replacement" bonds exceeds the total transfer. The following table summarizes the remaining transfer and replacement bonds. In this case, the positive net change reflects a net gain to transportation programs resulting from the replacement bonds.

	<u>2009-10</u>	<u>2010-11</u>	<u>Biennial Total</u>
Direct Transfer to General Fund	\$0	\$0	\$0
Other Transfer to General Fund	<u>-32,914,800</u>	<u>-32,914,800</u>	<u>-65,829,600</u>
Total Transfer to General Fund	-\$32,914,800	-\$32,914,800	-\$65,829,600
Replacement Bonding	<u>102,356,100</u>	<u>102,356,100</u>	<u>204,712,200</u>
Net Impact on Transportation Programs	\$69,441,300	\$69,441,300	\$138,882,600

[Act 28 Sections: 650m and 9150(9i)]

7. PETROLEUM INSPECTION FUND TRANSFER TO TRANSPORTATION FUND

SEG-REV	\$27,800,000
SEG-Transfer	\$27,800,000

Assembly: Transfer \$10,000,000 in 2009-10 and \$27,000,000 in 2010-11 from the petroleum inspection fund to the transportation fund. The transferred funding would result from lower than estimated debt service costs to the petroleum inspection fund associated with restructuring short-term borrowing into long-term debt obligations.

Senate: Delete provision.

Conference Committee/Legislature: Transfer \$10,000,000 in 2009-10 and \$17,800,000 in 2010-11 from the petroleum inspection fund to the transportation fund.

[Act 28 Section: 9210(1f)]

8. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE [LFB Paper 750]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	-\$40,052,000	\$11,291,800	-\$28,760,200

Governor: Decrease estimated net transportation fund revenue by \$7,062,000 in 2009-10 and \$32,990,000 in 2010-11 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 negative revenue rather than a transportation fund expenditure. Total transportation revenue bond debt service in 2008-09 is estimated at \$171,792,100, while under the bill, payments are estimated to increase to \$178,854,100 in 2009-10 and \$204,782,100 in 2010-11. The estimate is based on anticipated debt service on existing bonds, plus bond proceeds that the bill would provide for major highway development (\$135,721,600 in 2009-10 and \$165,721,600 in 2010-11) and administrative facilities (\$5,940,000 annually).

Joint Finance/Legislature: Increase estimated transportation fund revenue by \$579,800 in 2009-10 and \$10,712,000 in 2010-11 to reflect a reestimate of revenue bond debt service at \$178,274,300 in 2009-10 and \$194,070,100 in 2010-11.

9. TRANSPORTATION FUND GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST FREEWAY REHABILITATION PROJECTS SEG \$12,781,200

Governor/Legislature: Increase funding by \$5,741,500 in 2009-10 and \$7,039,700 in 2010-11 to reflect an estimate of principal and interest on existing SEG-funded, general obligation bonds issued for southeast Wisconsin freeway rehabilitation projects (the Marquette Interchange and I-94 North-South freeway). Total debt service on these bonds is estimated at \$22,661,700 in 2009-10 and \$23,959,900 in 2010-11.

10. TRANSPORTATION FUND GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER TRANSPORTATION PROJECTS SEG \$837,700

Governor/Legislature: Increase funding by \$37,300 in 2009-10 and \$800,400 in 2010-11 to reflect an estimate of principal and interest on existing SEG-funded, general obligation bonds issued for harbor and freight rail improvement projects and on older bonds issued for highway projects and administrative facilities. Total debt service on these bonds is estimated at \$6,931,400 in 2009-10 and \$7,694,500 in 2010-11.

11. RESTRUCTURING OF PUBLIC DEBT ISSUED FOR TRANSPORTATION PURPOSES

SEG-Lapse	\$23,787,600
BR	\$9,000,000

Conference Committee/Legislature: Provide \$9,000,000 in refunding bonding authority for the purpose of restructuring principal on a portion of the state's SEG-supported, general obligation debt that would otherwise be repaid in the biennium. Estimate lapses from DOT's SEG, sum sufficient debt service appropriations of \$11,902,600 in 2009-10 and \$11,885,000 in 2010-11 associated with restructuring SEG principal on the state's commercial paper and general obligation bonds issued for transportation purposes.

[Act 28 Section: 655f]

12. DEBT SERVICE REESTIMATE FOR GENERAL FUND-SUPPORTED BONDS ISSUED FOR TRANSPORTATION PROJECTS

GPR	\$13,126,100
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Governor/Legislature: Increase funding by \$5,592,500 in 2009-10 and \$7,533,600 in 2010-11 to reflect a reestimate of debt service paid on existing general fund-supported bonds issued to replace transportation fund revenues in the state highway program in the 2003-05 through 2007-09 biennia. Total debt service on the bonds is estimated at \$73,342,800 in 2009-10 and \$75,283,900 in 2010-11. A total of \$865,480,400 in bonds was authorized over the three biennia to partially replace transportation fund revenues that were transferred to the general fund.

13. TRANSPORTATION REVENUE BOND AUTHORIZATION

BR	\$301,443,200
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Governor/Legislature: Increase revenue bonding authority by \$301,443,200 for major highway development projects and administrative facilities. The increased authorization, when combined with remaining, unused authorization, is the amount estimated to be needed for projects during the 2009-11 biennium, plus an additional amount for the following biennium to provide sufficient bonding authority to complete projects started in the 2009-11 biennium. The requested bonding authorization reflects the intended use of bond proceeds under the major highway development program (\$135,721,600 in 2009-10 and \$165,721,600 in 2010-11) and for improvements to administrative facilities (\$5,940,000 annually).

[Act 28 Section: 1928]

Local Transportation Aid

1. GENERAL TRANSPORTATION AIDS [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$6,851,000	\$22,560,800	\$29,411,800

Governor: Provide increased funding for general transportation aids as follows:

a. *County Aid.* Provide \$1,203,100 in 2009-10 and \$260,400 in 2010-11 to provide a total of \$99,143,400 in 2009-10 and \$98,200,700 in 2010-11. Set the calendar year distribution at \$98,393,800 for calendar year 2010 and thereafter. This represents a 1% reduction in the 2010 calendar year and no increase in 2011. However, \$4,200 less funding would be needed in 2009-10 and \$193,100 in additional funding would be needed in 2010-11 to fully fund the calendar year distributions for counties established under the bill.

b. *Municipal Aid.* Provide \$3,767,700 in 2009-10 and \$1,619,800 in 2010-11 to provide a total of \$311,899,500 in 2009-10 and \$309,751,600 in 2010-11. Set the calendar year distribution at \$309,558,500 for calendar year 2010 and thereafter. This represents a 1% reduction in the 2010 calendar year and no increase in 2011. However, \$777,500 less funding would be needed in 2009-10 and \$193,100 less funding would be needed in 2010-11 to fully fund the calendar year distributions for municipalities established under the bill.

Establish the mileage aid rate at \$1,995 for calendar year 2010 and thereafter, which represents a 1% reduction to the 2009 rate of \$2,015 per mile. Repeal the statutory references to 2006 and 2007 calendar year aid payment and mileage aid rate amounts.

Despite the proposed decreases in the calendar year county and municipal aid distributions, the bill would increase funding in order to establish the county and municipal aid appropriation levels at amounts sufficient to fully fund the calendar year 2009 increase in county and municipal aid provided under 2007 Act 20.

Joint Finance/Legislature: Provide an additional \$4,654,100 in 2009-10 and \$17,906,700 in 2010-11 for general transportation aids to provide total calendar year increases of 2% in 2010 and 3% in 2011. Of these amounts, \$3,912,800 in 2009-10 and \$13,971,600 in 2010-11 would be for municipalities and \$741,300 in 2009-10 and \$3,935,100 in 2010-11 would be for counties. Establish the statutory payment distribution at \$318,939,100 in 2010 and \$328,507,300 in 2011 and annually thereafter for municipalities and \$101,375,500 in 2010 and \$104,416,800 in 2011 and annually thereafter for counties. Establish the mileage aid rate at \$2,055 in 2010 and \$2,117 in 2011 and annually thereafter.

[Act 28 Sections: 1941 thru 1943]

2. MASS TRANSIT OPERATING ASSISTANCE [LFB Paper 761]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$7,097,200	\$483,900	\$7,581,100

Governor: Provide \$2,285,700 in 2010-11 and \$4,811,500 in 2010-11, distributed as follows: (a) \$1,315,600 in 2009-10 and \$2,782,100 in 2010-11 for Tier A-1 (Milwaukee); (b) \$351,600 in 2009-10 and \$735,400 in 2010-11 for Tier A-2 (Madison); (c) \$504,300 in 2009-10 and \$1,055,000 in 2010-11 for Tier B transit systems; and (d) \$114,200 in 2009-10 and \$239,000 in 2010-11 for Tier C transit systems. Set the calendar year distribution amounts at \$66,585,600 for 2010 and \$68,583,200 for 2011 and thereafter for Tier A-1, \$17,496,400 for 2010 and \$18,021,300 for 2011 and thereafter for Tier A-2, \$25,099,500 for 2010 and \$25,852,500 for 2011 and thereafter for Tier B, and \$5,681,600 for 2010 and \$5,852,200 for 2011 and thereafter for Tier C. These represent a 1.97% increase in mass transit assistance to each tier of mass transit systems in calendar year 2010 and a 3% increase in calendar year 2011. An additional \$241,900 in 2009-10 and \$242,000 in 2010-11 in total would be needed to fully fund the proposed calendar year increases under the bill. Repeal statutory references relating to aid payments for each tier of systems for calendar years 2006 and 2007.

Joint Finance/Legislature: Provide an additional \$241,900 in 2009-10 and \$242,000 in 2010-11 to fully fund the calendar year distribution amounts under the Governor's recommendation. Specify that the additional funding would be provided as follows: \$141,800 in 2009-10 and \$139,500 in 2010-11 for Tier A-1; \$36,200 in 2009-10 and \$37,100 in 2010-11 for Tier A-2; \$52,100 in 2009-10 and \$53,400 in 2010-11 for Tier B; and \$11,800 in 2009-10 and \$12,000 in 2010-11 for Tier C.

Establish a Tier A-3 under the state's mass transit operating assistance program, which would include any commuter or light rail mass transit project that has been enumerated as a major transit capital improvement in the statutes, and specify that the existing tiers cannot be used to provide aid for a commuter rail or light rail transit system. Specify that DOT would calculate aid for such systems so that they receive combined state and federal operating assistance equal to a uniform percentage of their operating costs. Specify that existing program requirements would apply to a Tier A-3 system, including the requirement that the system must provide local, nonfarebox revenue equal to 20% of the amount of state aid. Create a sum certain, SEG appropriation for the purposes of making payments to the sponsors of such systems, but provide no funding at this time.

[Act 28 Sections: 294m and 1933s thru 1937d]

3. ELDERLY AND DISABLED TRANSPORTATION AIDS -- COUNTY ASSISTANCE [LFB Paper 762]

SEG	\$999,200
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Governor/Legislature: Provide \$285,900 in 2009-10 and \$713,300 in 2010-11 for county

assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal \$13,196,000 in 2009-10 and \$13,623,400 in 2010-11. This would provide a 2.2% increase in 2009-10 and a 3.2% increase in 2010-11 for county elderly and disabled transportation aids.

4. TRIBAL ELDERLY TRANSPORTATION GRANTS

PR	\$495,000
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Governor/Legislature: Provide \$247,500 annually from state Indian gaming revenues to make grants to American Indian tribes and bands for tribal elderly transportation assistance. Create a sum certain, program revenue appropriation under DOT for the receipt of the Indian gaming monies transferred to the appropriation for this purpose. Require the transfer of \$247,500 annually from the Department of Administration's (DOA) Indian gaming appropriation, to which gaming revenues are deposited, to the DOT grant appropriation. Specify that any unencumbered balance in the DOT appropriation on June 30 of each year would revert back to the DOA appropriation.

Create a tribal elderly transportation grant program and require DOT to award grants to federally recognized American Indian tribes or bands to assist in providing transportation services for elderly persons. Require the Department to prescribe the form, nature, and extent of the information that must be contained in an application for a program grant and to establish criteria for evaluating applications and for awarding grants.

[Act 28 Sections: 294, 579, 587, and 1938]

5. LIFT BRIDGE AIDS [LFB Paper 763]

SEG	\$505,500
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Joint Finance/Legislature: Provide \$505,500 in 2010-11 for lift bridge aids to reimburse communities for the estimated costs associated with the operation and maintenance of lift bridges on connecting highways. As part of the additional 5.135% across-the-board reductions, funding would be reduced by \$117,800 annually (see "Transportation -- Departmentwide" for the fiscal effect of this reduction) in addition to the Governor's recommended 1% across-the-board annual reduction. As a result, total funding for the program would be \$2,153,700 in 2009-10 and \$2,659,200 in 2010-11. Based on actual costs for calendar year 2008 and estimated costs for calendar year 2009, these appropriations would fund 95.3% of estimated biennial costs.

Local Transportation Assistance

1. SOUTHEAST WISCONSIN TRANSIT CAPITAL ASSISTANCE PROGRAM [LFB Paper 765]

BR	\$100,000,000
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Governor: Authorize \$100,000,000 in general obligation borrowing to provide grants to the Southeast regional transit authority (RTA) for capital improvements under a newly-created southeast Wisconsin transit capital assistance program. (See the next entry in this section for information on the creation of the Southeast RTA.) This RTA would be different from the current Southeastern Wisconsin Regional Transit Authority. Create a sum sufficient appropriation from the transportation fund to pay debt service on any bonds or to make payments on any agreement or ancillary arrangement entered into related to any bonds issued under the program. Under the bill, no debt service on the bonds would be expected in the biennium. Once the bonds are fully issued, debt service on the bonds would be an estimated \$8,000,000 annually. Specify that any debt associated with the bonding authority would have to be incurred by December 31, 2020.

Require DOT to develop and administer a southeast Wisconsin transit capital assistance program. Allow DOT to administer the program without promulgating rules. Require DOT to do all of the following in administering the program:

- a. prescribe the form of grant applications and the nature and extent of information to be provided with these applications, and establish an annual application cycle for receiving and evaluating applications;
- b. establish criteria and standards for grant eligibility for transit capital improvement projects; and
- c. establish criteria and standards for evaluating and ranking applications and for awarding grants.

Allow DOT to award grants to the Southeast RTA only if all of the following apply: (a) the RTA is eligible under federal law to be a public sponsor for a project that receives federal funding; and (b) the RTA receives funds from a dedicated local revenue source for capital and operating costs associated with providing transit services. Require the RTA to specify the project for which the grant funds are being requested. Specify that DOT may not accept grant applications after December 31, 2015.

Prohibit the Southeast RTA from including a project in a grant application that is a major transit capital improvement project that has not yet been enumerated in state statutes, as required under current law. Under current law, a major transit capital improvement is a project that has a total cost of \$5 million and involves any of the following: (a) the construction of a separate roadway designated for use by buses or other high-occupancy modes of travel; (b) the initial construction or expansion of a light rail transit system; or (c) the initial construction or

expansion of a commuter rail transit system. No major transit capital improvement projects have been enumerated in the statutes to date.

Prohibit the Southeast RTA from including any project in a grant application that involves the construction of a light rail system in Milwaukee County that has not yet received the necessary local authorizations required under current law. Currently, such light rail projects must be approved by a resolution of the Milwaukee County board and by the electors of Milwaukee County through a general election referendum. No such projects have been approved to date.

Limit any single grant awarded under the program to the lesser of \$50,000,000, 25% of the total project cost, or 50% of the portion of the total project cost not funded with federal aid. Specify that DOT may award a grant to the Southeast RTA only if all of the following apply:

a. The project for which the grant is to be awarded has received any approval to proceed required by the appropriate federal agency. Specify that such federal approval to proceed would be required by December 31, 2012, for any project utilizing federal interstate cost estimate (ICE) substitute project funding and for any project resulting from the Milwaukee Downtown Transit Connector Study of the Wisconsin Center District.

b. The number of revenue hours of transit service provided in the area serviced by the Southeast RTA at the time of the grant application is not less than that provided in 2001 by any local unit of government.

For purposes of the grant program, define "southeast Wisconsin" as the geographical area comprising Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington, and Waukesha counties. However, none of Walworth County could be included in the allowable jurisdictional area of the Southeast RTA, as created under the bill.

Joint Finance: Delete the sum sufficient appropriation from the transportation fund to pay debt service on the proposed bonds or to make payments on any agreement or ancillary arrangement entered into related to any bonds issued under the program and add these bonds to the uses of the existing general fund debt service appropriation for transportation-related bonds (this would switch debt service from SEG to GPR, but no debt service is expected in the biennium).

Replace references to the Southeast RTA (deleted by Joint Finance) with references to an "eligible applicant," defined as either the Milwaukee County RTA or the KRM Authority (both created by Joint Finance). Enumerate the following three projects as major transit capital improvement projects: (a) any project resulting from the Milwaukee Downtown Transit Connector Study of the Wisconsin Center District; (b) the KRM commuter rail line, defined as a commuter rail transit system connecting the cities of Kenosha, Racine, and Milwaukee; and (c) the Dane County commuter rail project (although not eligible for southeast Wisconsin transit capital assistance grants, the enumeration of the Dane County project allows other state funds to be used for this project). Delete the current law requirement that a light rail mass transit system may not be constructed in Milwaukee County unless the Milwaukee County board

authorizes the system's construction by resolution and the resolution is ratified by the electors of Milwaukee County at a referendum held at the next general election date.

Assembly: Replace the references to the Milwaukee County RTA and the KRM Authority in the definition of an "eligible applicant" with references to the Milwaukee Transit Authority and the Southeastern Transit Authority to reflect the renaming of these authorities.

Senate: Remove the reference to the Milwaukee Transit Authority as an "eligible applicant" and, instead, make Milwaukee County an eligible applicant.

Conference Committee/Legislature: Delete the Senate modification and restore the Assembly provision.

Veto by Governor [F-9]: Delete the reference to the Milwaukee Transit Authority as an "eligible applicant" to reflect the Governor's partial veto deleting the creation of the Authority.

[Act 28 Sections: 5, 305m, 649, 1928m thru 1928t, 1932, 1937m, and 2478]

[Act 28 Vetoed Section: 1932 (as it relates to the Milwaukee Transit Authority)]

2. **REGIONAL TRANSIT AUTHORITIES** [LFB Papers 766 thru 770]

Governor: Provide local units of government in southeastern Wisconsin, Dane County, and the urbanized Fox Cities metropolitan area the authority to create a regional transportation authority (RTA) for each of the three areas.

Provisions Specific to Individual RTAs

The following provisions pertain specifically to each of the individual RTAs that could be created under the bill.

Southeast Regional Transit Authority

Creation and Jurisdiction. Specify that a Southeast RTA, a public body corporate and politic and a separate governmental entity, would be created if the governing body of Milwaukee County or Kenosha County, or of any municipality located in whole or in part within that portion of Racine County east of I-94, adopts a resolution authorizing the county or municipality to become a member of the authority. Require that if either Milwaukee County or Kenosha County adopts a resolution to be a member of the Southeast RTA, any municipality located in whole or in part within Milwaukee County or Kenosha County, respectively, would be a member of the authority.

Provide that once a Southeast RTA is created, any of the following counties or municipalities may join the RTA if they have not already done so and if their governing body adopts a resolution to join the RTA: (a) Kenosha, Milwaukee, Ozaukee, Racine, Washington, or Waukesha counties (a county's joinder would apply to the entire geographic area of the county);

(b) any municipality located in whole or in part within that portion of Racine County east of I-94; or (c) any municipality located in whole or in part within Ozaukee, Washington, or Waukesha counties, provided that the RTA board approves the joinder. Under these provisions, a municipality in Ozaukee, Racine (the part east of I-94), Washington, or Waukesha county could choose to join the Southeast RTA regardless of whether or not the county has joined. However, the municipalities in any county that joins the RTA would become part of the RTA's jurisdictional area.

Specify that the jurisdictional area of the Southeast RTA would consist of the geographic area formed by the combined territorial boundaries of the counties and municipalities that authorize a resolution to create a Southeast RTA and of those that adopt a resolution to join the Southeast RTA.

Governance. Specify that the board of directors of the Southeast RTA would consist of the following members who, unless noted otherwise, would serve four-year terms:

a. If Kenosha County adopts a resolution to create or join the RTA, one member from Kenosha County, to be appointed by the county executive and approved by the county board, and one member, whose initial term would be two years, from the City of Kenosha, appointed by the mayor and approved by the common council.

b. If Milwaukee County adopts a resolution to create or join the RTA, one member from Milwaukee County, to be appointed by the county executive and approved by the county board, and one member, whose initial term would be two years, from the City of Milwaukee, to be appointed by the mayor and approved by the common council.

c. If the City of Racine adopts a resolution to create or join the RTA, one member from the City of Racine, to be appointed by the mayor and approved by the common council.

d. Two members, one of whom would have an initial term of two years, from the jurisdictional area of the authority, to be appointed by the Governor. Specify that if Milwaukee County adopts a resolution to create or join the RTA, one of these appointees, for any term commencing after the county has adopted the resolution, would have to be from Milwaukee County.

e. One member each from Ozaukee, Washington, and Waukesha counties if the county joins the Southeast RTA, to be appointed by the county executive of the county and approved by the county board. (Racine County would also be allowed to join an existing RTA under the bill, but would not have a member on the RTA Board under this provision. DOA indicates that it intended for Racine County to have a board member if it joins the Southeast RTA). Specify that if the county does not have an elected county executive, the member would be appointed by the county board chairperson and approved by the county board.

f. One member to be appointed by the mayor and approved by the common council of each city in Ozaukee, Washington, or Waukesha counties with a population of more than 60,000 that either adopts a resolution to join the southeast RTA or is located in a county that has

joined the RTA. Based on current populations, only the City of Waukesha could have a member under this provision.

Kenosha-Racine-Milwaukee (KRM) Commuter Rail Project. Require that no later than one year after the creation of a Southeast RTA, the authority would have to submit an application to the Federal Transit Administration to enter the preliminary engineering phase of the federal new starts grant program for the KRM commuter rail link. (A separate, nonstatutory provision would require this application to be made no later than one year after the budget act's general effective date. DOA indicates that it intended to remove this second provision from the bill.)

Vehicle Rental Fee Authority Under Existing RTA. Under current law, Kenosha, Racine, and Milwaukee counties have created the Southeastern Wisconsin Regional Transit Authority, which has the authority to impose a vehicle rental fee of up to a \$2 per rental transaction in the three-county region. Revenues from the \$2 vehicle rental fee, which has been imposed since July 1, 2006, must be used to hire staff, conduct studies, and expend funds essential to the preparation of a report to the Legislature regarding the future of the authority and the long term planning and funding of public transportation in the region, and may not be used for lobbying. The report was submitted on November 15, 2008, as required.

Provide that if a Southeast RTA is created, the RTA could impose a \$2 vehicle rental fee, within its jurisdictional area. Specify that the fee would be effective on the first day of the first month that begins at least 90 days after the board of directors of the Southeast RTA approves the imposition of the fee and notifies DOR. The existing appropriation for the distribution of the \$2 vehicle rental fee proceeds and the references to the imposition of the fee by the Southeastern Wisconsin RTA would be modified to refer instead to the Southeast RTA. The current law restrictions placed on the expenditure of revenues from the \$2 vehicle rental fee would not apply to the Southeast RTA.

Current Southeastern Wisconsin RTA. Terminate the existing Southeastern Wisconsin RTA on the first day of the third month beginning after the general effective date of the budget act. Further, repeal the current law reference under DOT's commuter rail transit system development grant program relating to a reporting requirement related to the existing RTA.

Dane County Regional Transit Authority

Creation and Jurisdiction. Specify that the Dane County RTA, a public body corporate and politic and a separate governmental entity, would be created if the governing body of Dane County adopts a resolution authorizing the county to become a member of the authority. If Dane County creates an RTA, all municipalities located in whole or in part within the Madison metropolitan planning area would be members of the authority. In addition, any municipality located in whole or in part within Dane County, that is not located in whole or in part within the Madison metropolitan planning area, may join the Dane County RTA if the governing body of the municipality adopts a resolution to join the authority and the RTA Board approves the municipality's request to join the RTA.

Specify that the jurisdictional area of the Dane County RTA would be the geographic area

formed by the Madison metropolitan planning area combined with the territorial boundaries of all municipalities that adopt a resolution to join the authority. Municipalities currently located wholly or partly in the Madison metropolitan planning area include: (a) the cities of Fitchburg, Madison, Middleton, Monona, Stoughton, Sun Prairie, and Verona; (b) the villages of Cottage Grove, Maple Bluff, McFarland, Shorewood Hills, and Waunakee; and (c) the towns of Blooming Grove, Bristol, Burke, Cottage Grove, Dunn, Dunkirk, Madison, Middleton, Pleasant Springs, Rutland, Springfield, Sun Prairie, Verona, Westport, and Windsor.

Governance. Specify that the board of directors of the Dane County RTA would consist of the following members who, unless noted otherwise, would serve four-year terms:

- a. Two members from the Madison metropolitan planning area, both of whom would have an initial term of two years, to be appointed by the county executive and approved by the county board.
- b. Two members appointed by the mayor of the City of Madison and approved by the common council.
- c. One member appointed by the Governor.
- d. One member from each city with a population of more than 20,000 located in Dane County, whose initial terms would be two years, and who would be appointed by the mayor and approved by the common council of each city. Based on current population estimates this provision would apply to the cities of Fitchburg, Madison, and Sun Prairie. (DOA indicates that it did not intend for the City of Madison to have an additional board member under this provision).

Fox Cities Regional Transit Authority

Creation and Jurisdiction. Create a Fox Cities RTA, a public body corporate and politic and a separate governmental entity, that would consist of Calumet, Outagamie, and Winnebago counties and any municipality located in whole or in part within the urbanized Fox Cities metropolitan planning area (unlike the other two RTAs, the creation of the Fox Cities RTA would be automatic). In addition, specify that any municipality located in whole or in part within Calumet, Outagamie, or Winnebago counties, that is not located in whole or in part within the urbanized Fox Cities metropolitan planning area, could join the RTA if the governing body of the municipality adopts a resolution to join the authority and the RTA Board approves the municipality's request to join the RTA.

Specify that the jurisdictional area of the Fox Cities RTA would be the geographic area formed by the urbanized Fox Cities metropolitan planning area combined with the territorial boundaries of all municipalities that adopt a resolution to join the authority. Municipalities currently located wholly or partly in the urbanized Fox Cities metropolitan planning area include: (a) the cities of Appleton, Kaukauna, Menasha, and Neenah; (b) the villages of Combined Locks, Kimberly, and Little Chute; and (c) the towns of Buchanan, Grand Chute, Greenville, Harrison, Kaukauna, Menasha, Neenah, and Vandebroek.

Governance. Specify that the board of directors of the Fox Cities RTA would consist of the following members who, unless noted otherwise, would serve four-year terms:

a. One member each from Calumet, Outagamie, and Winnebago counties, appointed by the county executive of each county and approved by the county board. If the county does not have an elected county executive, the member would be appointed by the county board chairperson and approved by the county board. Specify that the terms of the initial appointments of these members would expire on June 30, 2011.

b. One member each from the cities of Appleton and Neenah, appointed by the mayor of each city and approved by the common council. Specify that the terms of the initial appointments of these members would expire on June 30, 2013.

c. One member from the town of Grand Chute, appointed by the town board chairperson and approved by the town board. Specify that the term of the initial appointment of this member would expire on June 30, 2013.

d. One member appointed by the Governor. Specify that the term of the initial appointment of this member would expire on June 30, 2013.

e. One member that would follow a rotating order of succession and, after June 30, 2017, the same order and same selection process would be repeated. The rotating membership order and selection process would be as follows:

(1) a member from the Town of Menasha, appointed by the town board chairperson and approved by the town board for a term commencing on the effective date of the budget act and expiring on June 30, 2013; and

(2) a member from the City of Menasha, appointed by the mayor and approved by the common council for a term beginning on July 1, 2013, and expiring on June 30, 2017.

g. One member that would follow a rotating order of succession and, after June 30, 2025, the same order and selection process would be repeated. The rotating membership order and selection process would be as follows:

(1) a member from the City of Kaukauna, appointed by the mayor and approved by the common council for a term commencing on the effective date of the budget act and expiring on June 30, 2013;

(2) a member from the Village of Kimberly, appointed by the village president and approved by the village board, for a term commencing on July 1, 2013, and expiring on June 30, 2017;

(3) a member from the Village of Little Chute, appointed by the village president and approved by the village board, for a term commencing on July 1, 2017, and expiring on June 30, 2021; and

(4) a member from the Town of Buchanan, appointed by the town board chairperson and approved by the town board, for a term commencing on July 1, 2021, and expiring on June 30, 2025.

General Provisions

The following provisions would apply to each of the RTA districts created under the bill.

Governance of RTA Districts

Provide that, once created, an RTA would have the authority to transact business and exercise any powers granted to it under the bill. Specify that the powers of an authority would be vested in its board of directors and that: (a) a majority of the board's full authorized membership would constitute a quorum for the purpose of conducting the authority's business and exercising its powers; and (b) any action may be taken by the board upon a vote of a majority of the directors present and voting, unless the bylaws of the authority require a larger number.

Specify that the bylaws of an authority would govern its management, operations, and administration, consistent with the provisions under the bill, and that the bylaws must include provisions that specify all of the following: (a) the functions or services to be provided by the authority; (b) the powers, duties, and limitations of the authority; and (c) the maximum rate of the sales and use taxes that may be imposed by the RTA, which could not exceed a statutory maximum rate of 0.5%.

Imposition of Taxes

Provide an RTA board the authority to impose, by the adoption of a resolution, a sales tax and a use tax at a rate not to exceed 0.5% of the gross receipts or sales price. Specify that the taxes would be imposed on the same base of products and services as the state and county sales and use taxes. The sales and use tax imposition, collection, reporting, transition, and motor vehicle registration provisions that apply to the county sales and use taxes would also apply to the taxes imposed by the authority. Specify that a resolution imposing the taxes would be effective on the first day of the first calendar quarter that begins at least 120 days after its adoption and that the authority would be required to deliver a certified copy of the resolution to the Department of Revenue (DOR) at least 120 days before its effective date.

Provide that an RTA may, by adoption of a resolution, repeal the imposition of the sales and use taxes. Specify that the authority would have to deliver a certified copy of the repeal resolution to DOR at least 120 days before its effective date. DOR and retailers would not be allowed to collect sales and use taxes for any RTA after the calendar quarter during which the authority adopts a repeal resolution, except that DOR could collect any such taxes that accrued before such calendar quarter and any related fees, interest, and penalties.

Duties of an RTA

Specify that any RTA that is created would be required to provide, or contract for the provision of, transit service within the authority's jurisdictional area.

Require the RTA board to annually prepare a budget for the authority. Specify that rates and other charges received by the authority could only be used for the general expenses and capital expenditures of the authority, to pay interest, amortization, and retirement charges on bonds, and for specific purposes of the authority and may not be transferred to any county or municipality. Require the authority to maintain an accounting system in accordance with generally accepted accounting principles and to have its financial statements and debt covenants audited annually by an independent, certified public accountant.

Powers of an RTA

Provide RTAs the power to do all of the following to the extent authorized in the authority's bylaws:

a. Establish, maintain, and operate a comprehensive unified local transportation system primarily for the transportation of persons. A "comprehensive unified local transportation system" would be defined as a transportation system that is comprised of motor bus lines and any other local public transportation facilities, the major portion of which is located within, or the major portion of the service of which is supplied to the inhabitants of, the jurisdictional area of the authority. A "transportation system" would mean all land, shops, structures, equipment, property, franchises, and rights of whatever nature required for transportation of passengers within the jurisdictional area of the authority and, to the extent specifically authorized, outside the jurisdictional area of the authority. A "transportation system" would include elevated railroads, subways, underground railroads, motor vehicles, motor buses, and any combination of these, and any other form of mass transportation. A "transportation system" would not include any form of transportation excluded from the current law definition of common motor carrier, or charter or contract operations that are to, from, or between points outside the jurisdictional area of the RTA.

b. Acquire a comprehensive unified local transportation system and provide funds for the operation and maintenance of the system.

c. Upon the acquisition of a comprehensive unified local transportation system, the authority may: (1) operate and maintain it or lease it to an operator or contract for its use by an operator; (2) contract for superintendence of the system with an organization that has personnel with the requisite experience and skill; (3) delegate responsibility for the operation and maintenance of the system to an appropriate administrative officer, board, or commission of a participating political subdivision (defined as a county or municipality that is a member of an RTA); and (d) maintain and improve railroad rights-of-way and improvements on these rights-of-way for future use.

d. Contract with a public or private organization to provide transportation services in

lieu of directly providing these services.

e. Purchase and lease transportation facilities to public or private transit companies that operate within and outside the jurisdictional area.

f. Apply for federal aids to purchase transportation facilities considered essential for the authority's operation.

g. Coordinate either publicly or privately owned specialized transportation services that provide general or special service to elderly or disabled persons on a regular and continuing basis in a designated service area, for residents of the authority's jurisdictional area and who are disabled or aged 60, or older. This would include services funded from federal funds, the medical assistance program, DOT's specialized transportation assistance program for counties, and from other public funds administered by the county. An authority could contract with a county that is a participating political subdivision for that RTA to provide specialized transportation services, but the authority would not be an eligible applicant under, or receive direct payments from, DOT's elderly and disabled assistance programs.

h. Acquire, own, hold, use, lease as lessor or lessee, sell or otherwise dispose of, mortgage, pledge, or grant a security interest in any real or personal property or service.

i. Condemn property, if the authority determines the taking is a necessity, as required of local units of government under current law. Specify that the authority to acquire property by condemnation would be subject to the current law procedure used by the state, local units of government, and others for condemnations related to sewer and transportation facilities.

j. Enter upon any state, county, or municipal street, road, or alley, or any public highway, for the purpose of installing, maintaining, and operating the authority's facilities. Whenever the work is to be done in a state, county, or municipal highway, street, road, or alley, the RTA would have to notify the controlling public authority, and the highway, street, road, or alley would have to be restored to as good a condition as existed before the commencement of the work, with all costs incident to the work to be borne by the authority.

k. Fix, maintain, and revise fees, rates, rents, and charges for functions, facilities, and services provided by the authority.

l. Make, and from time to time amend and repeal, bylaws, rules, and regulations to carry into effect the powers and purposes of the authority.

m. Sue and be sued in its own name.

n. Have and use a corporate seal.

o. Employ agents, consultants, and employees, engage professional services, and purchase such furniture, stationery, and other supplies and materials as are reasonably necessary to perform its duties and exercise its powers.

p. Incur debts, liabilities, or obligations, including the borrowing of money and the issuance of bonds.

q. Invest any funds held in reserve or sinking funds, or any funds not required for immediate disbursement, including the proceeds from the sale of any bonds, in such obligations, securities, and other investments as the authority deems proper in accordance with current law investment requirements for counties, municipalities, and other local districts.

r. Do and perform any acts and things authorized of an RTA under, through, or by means of an agent or by contracts with any person.

s. Exercise any other powers that the board of directors considers necessary and convenient to effectuate the purposes of the authority, including providing for passenger safety.

Limitations on RTA Powers

Provide that, notwithstanding the related powers provided to an RTA under the bill, no authority, and no public or private organization with which an authority has contracted for service, could provide service outside the jurisdictional area of the authority unless either of the following occur: (a) the authority receives financial support for the service under a contract with a public or private organization; or (b) it is necessary in order to provide service to connect residents within the authority's jurisdictional area to transit systems in adjacent counties.

Specify that whenever the proposed operations of an RTA would be competitive with the operations of a common carrier in existence prior to the time the authority commences operations, the authority shall coordinate the proposed operations with the common carrier to eliminate adverse financial impact for the carrier. Define a "common carrier" as a common motor carrier, contract motor carrier, railroad, or water carrier. Specify that this coordination may include route overlapping, transfers, transfer points, schedule coordination, joint use of facilities, lease of route service, and the acquisition of route and corollary equipment. Provide that if this coordination does not result in mutual agreement, the proposals of the authority and the common carrier shall be submitted to DOT for arbitration.

Require an authority, in exercising its powers, to consider any plan of a metropolitan planning organization that covers any portion of the authority's jurisdictional area.

Withdrawal from an RTA

Except as described below, provide that any participating county or municipality that has joined an RTA could withdraw from that authority if both of the following conditions are met: (a) the governing body of the county or municipality adopts a resolution requesting their withdrawal from the authority; and (b) the county or municipality has paid, or made provision for the payment of, all obligations it has to the authority. The ability to withdraw from an RTA would not apply to municipalities in Kenosha and Milwaukee counties, Dane County and the municipalities within the Madison metropolitan planning area, or Calumet, Outagamie, and Winnebago counties and the municipalities in the urbanized Fox Cities metropolitan planning

area.

Specify that any municipality in either Kenosha or Milwaukee county that becomes a member of an RTA when their county creates or joins the Southeast RTA must withdraw from the authority if the county in which the municipality is located withdraws from the authority.

RTA Obligations to Employees of Mass Transportation Systems

Require any RTA taking an action to acquire a comprehensive unified local transportation system for the purpose of the authority's operation of the system to assume all of the employer's obligations under any contract between the employees and management of the system, to the extent allowed by law. In addition, specify that any RTA taking action to acquire, construct, control, or operate a comprehensive unified local transportation system must negotiate an agreement with the representative of the labor organization that covers the employees affected by the RTA action in order to protect the interests of those employees. The agreement would have to include all provisions required under current law for agreements negotiated when a county board acquires a transportation system. Such agreements may also include a provision for the submission of labor disputes to binding arbitration by an umpire or board of arbitration acceptable to both parties. Further, an affected employee would have all the rights and the same status under the municipal employee relations statutes that he or she enjoyed immediately before the RTA action and may not be required to serve a probationary period if he or she attained permanent status before the RTA's action. In all such negotiations, a senior executive officer of the RTA would have to be a member of the authority's negotiating body.

Bonding Authority

Provide an RTA the authority to issue bonds, the principal and interest on which would be payable exclusively from all or a portion of any revenues received by the authority. Specify that an RTA could secure its bonds by a pledge of any income or revenues from any operations, rent, aids, grants, subsidies, contributions, or other source of moneys. Allow an RTA to issue bonds in such principal amounts as the authority deems necessary.

Require an RTA to state the following restrictions on the face of any bonds that the RTA issues: (a) neither the members of the board of directors of the RTA nor any person executing the bonds would be personally liable on the bonds by reason of the issuance of the bonds; (b) the bonds would not be a debt of the participating counties and municipalities; (c) neither the participating counties and municipalities nor the state would be liable for the payment of the bonds; and (d) the bonds would be payable only out of funds or properties of the authority.

Require that any bonds of an authority be authorized by resolution of the board of directors. Specify that the bonds may be issued under such a resolution or under a trust indenture or other security instrument. Define "bonds" as any bonds, interim certificates, notes, debentures, or other obligations of an authority. Provide that the bonds may be issued in one or more series and may be in the form of coupon bonds or registered bonds. Require the bonds to bear the dates, mature at the times, bear interest at the rates, be in the denominations, have the

rank or priority, be executed in the manner, be payable in the medium of payment and at the places, and be subject to the terms of redemption, with or without premium, as provided in the resolution, trust indenture, or other security instrument.

Specify that bonds of an RTA would be issued for an essential public and governmental purpose and are public instrumentalities and, together with interest and income, are exempt from taxes. Allow a transit authority to sell bonds at public or private sales at the price or prices determined by the authority. Provide that if an officer whose signature appears on any bonds or coupons ceases to be an officer of the authority before the delivery of the bonds or coupons, the officer's signature would, nevertheless, be valid for all purposes as if the officer had remained in office until delivery of the bonds or coupons.

Allow a transit authority to do all of the following in connection with the issuance of bonds:

- a. Covenant as to the use of any or all of its property, real or personal.
- b. Redeem the bonds, or covenant for the redemption of the bonds, and provide the terms and conditions of the redemption.
- c. Covenant as to charge fees, rates, rents, and charges sufficient to meet operating and maintenance expenses, renewals, and replacements of any transportation system, principal and debt service on bonds, creation and maintenance of any reserves required by a bond resolution, trust indenture, or other security instrument and to provide for any margins or coverages over and above debt service on the bonds that the board of directors considers desirable for the marketability of the bonds.
- d. Covenant as to the events of default on the bonds and the terms and conditions upon which the bonds would become or may be declared due before maturity, as to the terms and conditions upon which this declaration and its consequences may be waived, and as to the consequences of default and the remedies of bondholders.
- e. Covenant as to the mortgage or pledge of, or the grant of a security interest in, any real or personal property and all or any part of the revenues of the authority to secure the payment of bonds, subject to any agreements with the bondholders.
- f. Covenant as to the custody, collection, securing, investment, and payment of any revenues, assets, moneys, funds, or property with respect to which the authority may have any rights or interest.
- g. Covenant as to the purposes to which the proceeds from the sale of any bonds may be applied, and as to the pledge of such proceeds to secure the payment of the bonds.
- h. Covenant as to limitations on the issuance of any additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds.
- i. Covenant as to the rank or priority of any bonds with respect to any lien or

security.

j. Covenant as to the procedure by which the terms of any contract with, or for the benefit of, the holders of bonds 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.

k. Covenant as to the custody and safekeeping of any of its properties or investments, the insurance to be carried on the property or investments, and the use and disposition of insurance proceeds.

l. Covenant as to the vesting in one or more trustees, within or outside the state, of those properties, rights, powers, and duties in trust as the authority determines.

m. Covenant as to the appointing of, and providing for the duties and obligations of, one or more paying agent or other fiduciaries within or outside the state.

n. Make all other covenants and do any act that may be necessary or convenient or desirable in order to secure its bonds or, in the absolute discretion of the authority, tend to make the bonds more marketable.

o. Execute all instruments necessary or convenient in the exercise of the powers granted under the bill or in the performance of covenants or duties, which may contain such covenants and provisions as a purchaser of the bonds of the authority may reasonably require.

Grant an RTA the authority to issue refunding bonds for the purpose of paying any of its bonds at, or prior to, maturity or upon acceleration or redemption. Specify that a transit authority may issue refunding bonds at such time prior to the maturity or redemption of the refunded bonds as the authority deems to be in the public interest. Provide that the refunding bonds could be issued in sufficient amounts to pay or provide the principal of the bonds being refunded, together with any redemption premium on the bonds, any interest accrued, or to accrue, to the date of payment of the bonds, the expenses of issue of the refunding bonds, the expenses of redeeming the bonds being refunded, and such reserves for debt service or other capital or current expenses from the proceeds of such refunding bonds as may be required by the resolution, trust indenture, or other security instruments. Specify that, to the extent applicable, refunding bonds would be subject to the issuance requirement and covenants required of an authority's original bonds.

Bonds as Investments

Specify that any of the following could invest funds, including capital in their control or belonging to them, in bonds of an RTA: (a) public officers and agencies of the state; (b) local governmental units; (c) insurance companies; (d) trust companies; (e) banks, savings banks, and savings and loan associations; (f) investment companies; (g) personal representatives; (h) trustees; and (i) other fiduciaries. Provide that a transit authority's bonds would be securities that may be deposited with, and received by, any officer or agency of the state or any local governmental unit, for any purpose for which the deposit of bonds or obligations of the state or

any local governmental unit is authorized by law.

DOR Tax Administration

Provide DOR the authority to administer any RTA sales and use taxes on behalf of the RTA and make distributions to the authority imposing the tax. Specify that DOR would have all powers necessary to levy, enforce, and collect the taxes that it is provided under current law for the county and special district sales and use taxes. Under these provisions, DOR could take any action, conduct proceedings, and impose interest and penalties. Judicial review of DOR determinations would also be provided. Specify that if a retailer receives notice from DOR that the retailer is required to collect and remit the taxes imposed by an RTA, but the retailer believes it is not required to collect such taxes because the retailer is not doing business within the transit authority's jurisdictional area, the retailer must notify DOR no later than 30 days after receiving notice from the Department. DOR would be required to affirm or revise its original determination no later than 30 days after receiving the retailer's notice.

Require DOR to distribute 98.5% of the taxes reported for each transit authority that has imposed the taxes, minus the transit authority portion of the retailers' discount, to the transit authority. Specify that the "transit authority portion of the retailers' discount" is the amount determined by multiplying the total retailers' discount by a fraction, the numerator of which is the gross transit authority sales and use taxes payable and the denominator of which is the sum of the gross state and transit authority sales and use taxes payable. Require DOR to distribute the taxes no later than the end of the third month following the end of the calendar quarter in which such amounts were reported. Create a program revenue appropriation to receive the monies generated from the taxes and from annual monies unspent by DOR for the administration of the transit authority sales and use taxes. Require DOR to indicate the taxes reported by each taxpayer at the time of distribution. Adjust the distribution to reflect subsequent refunds, audit adjustments, and all other adjustments of the transit authority taxes previously distributed. Interest paid on refunds of transit authority sales and use taxes would be paid from the program revenue appropriation created for the receipt of monies generated from the taxes, and would be paid at the 9% rate established for sales and use tax refunds. Any transit authority receiving a report on sales and use taxes would be subject to the duties of confidentiality to which DOR is subject to relative to such taxes under current law.

After the distributions are made, transfer the remaining 1.5% of the revenues from the transit authority sales and use taxes to a new, sum certain, DOR program revenue appropriation for administration of the taxes. Require that, at the end of each fiscal year, the unencumbered balance in this appropriation would be transferred to the appropriation created for the receipt and distribution of the transit authority sales and use taxes.

Other Provisions

The bill would specify the following for an RTA relative to current law:

a. The creation of an RTA would not limit the powers of counties or municipalities to enter into intergovernmental cooperation or contracts to establish separate legal entities under

current law related to intergovernmental cooperation and municipal transit commissions or any other applicable law.

b. The creation of an RTA would not limit the powers of counties or municipalities to otherwise carry out their statutory powers.

c. An RTA would not be subject to the existing requirement that a municipality attempting to provide, acquire, own, operate, or engage in a municipal bus transportation system where no bus, rail, or other local transportation system currently exists can only do so following an action of its governing body and a referendum vote.

e. An RTA would be considered an employer for purposes of the Wisconsin Retirement System (WRS) and its employees would be participatory employees of that system if the RTA elects to join the WRS.

f. An RTA would be defined as a municipality as it relates to the existing municipal borrowing and municipal bonds and intergovernmental cooperation statutes.

g. The property of the RTA would be exempt from property taxation.

h. The income received by the RTA would be exempt from income taxation.

i. Sales to the RTA would be exempt from sales taxes.

j. Upon completion of a required planning study, or to the satisfaction of the DOT, a multimodal transportation study, the RTA could apply to DOT for a grant for property acquisition for an urban rail system (this grant program is not funded under the bill).

k. An RTA would be considered a political subdivision that would be eligible for DOT's commuter rail transit grant program (this grant program is not funded under the bill).

l. Current law provisions relating to claims and liability for persons injured due to the negligent operation of a motor vehicle owned and operated by a municipality or other political subdivision would be extended to an RTA.

m. RTAs would be included in the list of governments that can participate in organizing municipal insurance mutuals for the provision of workers' compensation, liability, and property insurance and risk management services.

Joint Finance: Require that if a county or municipality adopts a resolution to join, withdraw, or amend the jurisdictional boundaries of an RTA, the resolution could become effective no sooner than the first day of the first calendar quarter that begins at least 120 days after the Department of Revenue is provided with a certified copy of the resolution identifying the boundaries of the authority's jurisdictional area. Specify that if the jurisdictional area would be other than county lines on all sides of the jurisdictional area, the authority would have to provide, with the resolution, all of the street addresses and corresponding nine-digit zip codes within its jurisdictional area.

In addition, modify the Governor's recommendations related to regional transit authorities as follows:

Southeast Regional Transit Authority

Delete provisions related to the creation of a Southeast RTA.

Dane County Regional Transit Authority

Modify the proposed composition of the Dane County RTA board as follows: (a) specify that the board would include one member from a village within the jurisdictional area of the authority, appointed by the Dane County Cities and Villages Association; and (b) specify that the board would include one member from each city, other than the City of Madison, with a population of more than 15,000 located in Dane County, rather than one member from each city with a population of more than 20,000 located in Dane County (this conforms the bill to the Governor's intent that the City of Madison should have only two board members, rather than three, and expands the board, based on current populations, to include a member from the City of Middleton, in addition to members from the cities of Fitchburg and Sun Prairie).

Specify that only those municipalities that were wholly or partly included in the Madison metropolitan planning area on January 1, 2003, would be members of the Dane County RTA. Provide that for the purposes of determining a municipality's territorial boundaries and the geographic area formed by the Madison metropolitan planning area, that annexed territory subject to an unresolved challenge on January 1, 2003, would not be considered part of the annexing municipality or the Madison metropolitan planning area (this territory would, therefore, not be part of the Dane County RTA's jurisdictional area unless the annexing municipality joins the RTA).

Specify that the Dane County RTA board could not adopt a resolution imposing sales and use taxes until an advisory referendum is held in the authority's jurisdictional area on whether the board should impose such taxes.

Fox Cities Regional Transit Authority

Delete provisions related to the creation of a Fox Cities RTA.

Assembly: Specify that RTAs would be considered local units of government that would be covered under the municipal employee relations statutes, which govern the collective bargaining actions between employers and employees.

Adopt the following modifications related to specific RTAs:

Dane County Regional Transit Authority

Specify that the Dane County RTA could transfer revenues from the sales and use taxes imposed by the RTA to any political subdivision within the RTA's jurisdictional area to fund highway projects within that area. Require the RTA board to determine the recipients and

amounts of all such transfers.

Under Joint Finance, the Dane County RTA's authority and sales and use tax revenues would be limited to transit-related activities. This provision would allow some of those revenues to be used for highway purposes within the RTA's jurisdictional area.

Fox Valley Regional Transit Authority

Specify that if the governing bodies of Calumet, Outagamie, and Winnebago counties each adopt a resolution authorizing their county to become a member of the authority and all three resolutions are ratified by the electors at referendums held in the respective counties, a Fox Valley Regional Transit Authority (RTA), would be created. Provide that the RTA would be a public body corporate and politic and a separate governmental entity.

Specify that the authority would consist of the three counties and any municipality located in whole or in part within them, but that the jurisdictional area of the Fox Valley RTA would be the combined territorial boundaries of Calumet, Outagamie, and Winnebago counties.

Sales and Use Tax Authority. Specify that, once created, the authority could transact business and exercise any powers granted to it. Provide that the general powers and duties allowed under Governor's proposal for RTAs would apply to the Fox Valley RTA, including the authority to impose up to 0.5% sales and use taxes. Specify that the Fox Valley RTA board would not be allowed to impose the sales and use taxes unless the authorizing resolutions and referendums in each county to create the RTA clearly identify the maximum rate of the taxes that may be imposed by the authority.

Governance. Specify that if the Fox Valley RTA is created, the board of directors of the authority would be determined by resolution of the governing body of each county. Provide that the bylaws of the RTA would have to include the approved board composition. However, specify that the RTA board could not consist of more than 17 members and would have to include the following members;

- a. at least two members from each county, appointed by the county executive and approved by the county board of each county;
- b. at least two members from the City of Appleton, appointed by the mayor of the city and approved by the common council; and
- c. at least one member from the RTA's jurisdictional area, appointed by the Governor.

Specify that if county governing bodies of the counties are unable to agree upon a composition of the board of directors, the board would be limited to the minimum membership described above. Specify that the length of terms for the Fox Valley RTA board members would be four years, except the initial terms would be two years for the following members: (a) one of the members appointed by the county executives of each county; and (b) one of the members appointed by the Mayor of the City of Appleton.

Chippewa Valley Regional Transit Authority

Specify that if the governing body of Eau Claire County adopts a resolution authorizing the county to become a member of the authority and the resolution is ratified by the electors at a referendum held in Eau Claire County, a Chippewa Valley Regional Transit Authority (RTA), would be created. Provide that the RTA would be a public body corporate and politic and a separate governmental entity.

Specify that if the RTA is created, any municipality located in whole or in part in Eau Claire County would be a member of the RTA. Provide that after the RTA is created, Chippewa County could join the authority if the governing body of Chippewa County adopts a resolution to join the authority and the resolution is ratified by the electors at a referendum held in Chippewa County. Specify that if Chippewa County joins the authority, any municipality located in whole or in part within Chippewa County would be a member of the authority and that a Chippewa County municipality must withdraw from the RTA if Chippewa County withdraws from the RTA.

Specify that the jurisdictional area of the Chippewa Valley RTA would be the territorial boundaries of Eau Claire County or, if Chippewa County also joins the authority, the combined territorial boundaries of Eau Claire County and Chippewa County.

Sales and Use Tax Authority. Specify that, once created, the authority could transact business and exercise any powers granted to it. Provide that the general powers and duties allowed under the Governor's proposal for RTAs would apply to the Chippewa Valley RTA, including the authority to impose up to 0.5% sales and use taxes. Specify that the Chippewa Valley RTA board would not be allowed to impose the sales and use taxes unless the authorizing resolutions and referendums of Eau Claire County to create the RTA, or Chippewa County to join the RTA, clearly identify the maximum rate of the taxes that may be imposed by the authority.

Governance. Specify that if the Chippewa Valley RTA is created, the board of directors of the authority would be determined by resolution of the governing body of Eau Claire County or, if Chippewa County also joins the authority, by resolution of the governing bodies of Eau Claire County and Chippewa County. Provide that the bylaws of the RTA would have to include the approved board composition. However, specify that the RTA board could not consist of more than 17 members and would have to include the following members;

- a. at least three members from Eau Claire County, appointed by the county executive and approved by the county board;
- b. if Chippewa County joins the RTA, at least three members from Chippewa County, appointed by the county executive and approved by the county board;
- c. at least one member from the most populous city of each member county, appointed by the mayor of the city and approved by the common council; and

- d. at least one member from the RTA's jurisdictional area, appointed by the Governor.

Specify that if Chippewa County joins the RTA, and the governing bodies of Eau Claire County and Chippewa County are unable to agree upon a composition of the board of directors, the board would be limited to the minimum membership described above.

Specify that the length of terms for the Chippewa Valley RTA board members would be four years, except the initial terms would be two years for the following members:

- a. one of the members appointed by the Eau Claire County Executive;
- b. one of the members appointed by the Chippewa County Executive, if Chippewa County joins the RTA; and
- c. each member appointed by the mayors of the most populous city of each member county.

Senate: Delete the Assembly provision specifying that RTAs would be considered local units of government under the municipal employee relations statutes.

Adopt the following modifications related to specific RTAs:

Dane County Regional Transit Authority

Specify that the member of the RTA board appointed by the Dane County Cities and Villages Association (under provisions of Joint Finance) would be appointed for a two-year term and could be from a city within the RTA jurisdiction that does not have a separate statutory representative on the board, in addition to a village, as allowed under Joint Finance. Specify that this member would be a rotating member among these eligible cities and villages and that a city or village could not have a subsequent appointee until an appointee from each eligible city or village has served a term in that rotation.

Specify that the Dane County RTA board could not impose the 0.5% sales and use taxes until a referendum is held in the jurisdictional area on the question of whether the board may impose such taxes and the referendum is decided in the affirmative. Under Joint Finance, this referendum would have been advisory.

Fox Valley Regional Transit Authority

Delete provisions related to the creation of a Fox Valley RTA.

Chippewa Valley Regional Transit Authority

Delete provisions related to the creation of a Chippewa Valley RTA.

Chequamegon Bay Regional Transit Authority

Specify that if the governing bodies of Ashland and Bayfield counties each adopt a

resolution authorizing their county to become a member of the authority and both resolutions are ratified by the electors at referendums held in the respective counties, a Chequamegon Bay Regional Transit Authority (RTA) would be created. Provide that the RTA would be a public body corporate and politic and a separate governmental entity.

Specify that if the authority is created, any municipality located in whole or in part within Ashland and Bayfield counties would be a member of the RTA, but that the jurisdictional area of the RTA would be the combined territorial boundaries of Ashland and Bayfield counties.

Sales and Use Tax Authority. Specify that once created, the authority could transact business and exercise any powers granted to it. Provide that the powers and duties allowed under the Governor's proposal for RTAs would apply to the Chequamegon Bay RTA, including the authority to impose up to 0.5% sales and use taxes. Specify that the Chequamegon Bay RTA board would not be allowed to impose the sales and use taxes unless the authorizing resolutions and referendums in each county to create the RTA clearly identify the maximum rate of the taxes that may be imposed by the authority.

Governance. Specify that if the Chequamegon Bay RTA is created, the board of directors of the authority would be determined by resolution of the governing body of each county. Provide that the bylaws of the RTA would have to include the approved board composition. However, specify that the RTA board could not consist of more than 17 members and would have to include the following members:

- a. at least three members from each county, appointed by the county executive and approved by the county board of each county;
- b. at least one member from the most populous city of each county (the cities of Ashland and Washburn), appointed by the mayor of the city and approved by the common council; and
- c. at least one member from the RTA's jurisdictional area, appointed by the Governor.

Specify that if the governing bodies of the counties are unable to agree upon a composition of the board of directors, the board would be limited to the minimum membership described above. Specify that the length of terms for the Chequamegon Bay RTA board members would be four years, except the initial terms would be two years for the following members: (a) one of the members appointed by the county executives of each county; and (b) each member appointed by the mayor of the most populous city in each county.

Conference Committee/Legislature: Specify that if a county or municipality with an appointment to an RTA is not governed by an elected executive, the board or council chairperson of the governing body of the appointing authority would appoint that county or municipality's representative to the RTA board. Restore the Assembly provision specifying that RTAs would be considered local units of government under the municipal employee relations statutes.

Adopt the following modifications related to specific RTAs:

Dane County Regional Transit Authority

Limit the use of funds for highway projects to 25% of the amount received from the sales and use taxes.

Chippewa Valley Regional Transit Authority

Restore Assembly provision allowing for the creation of a Chippewa Valley RTA.

Chequamegon Bay Regional Transit Authority

Allow any county to join the Chequamegon Bay RTA if a resolution to join the RTA is approved by a majority vote of the electors of the county at a countywide referendum and the board of the existing RTA approves their joinder. Specify that the jurisdictional area of the Chequamegon Bay RTA would consist of the geographic area formed by the combined territorial boundaries of the counties that authorize a resolution at a countywide referendum to create the RTA or join the RTA.

Specify that any county that joins the Chequamegon Bay RTA would have three members on the RTA board, to be appointed by the county executive of the county and approved by the county board. Allow any county that joins the RTA to determine the make up of the RTA board along with Ashland and Bayfield counties. In addition, specify that the most populous city in any county that joins the RTA would have a member appointed by the Mayor of the city and approved by the common council of the city.

Provide that any participating county that has joined the Chequamegon Bay RTA could withdraw from that authority by a majority vote of the electors of the county at a countywide referendum if the county has paid, or made provision for the payment of, all obligations it has to the authority.

Veto by Governor [F-9]: Delete the provision that would have allowed the Dane County RTA to transfer up to 25% of the revenues from the sales and use taxes imposed by the RTA to any political subdivision within the RTA's jurisdictional area to fund highway projects within that area.

Delete the following provisions related to the referenda requirements of the regional transit authorities created under the act: (a) a referendum in Eau Claire County on the creation of a Chippewa Valley Regional Transit Authority and a referendum in Chippewa County on joining this authority; (b) referenda in Ashland and Bayfield counties on the creation of a Chequamegon Bay Regional Transit Authority and referenda in any other county desiring to either join or withdraw from this authority; and (c) a referendum in Dane County on the question of whether the Dane County Regional Transit Authority may impose 0.5% sales and use taxes.

Delete the provision that would have modified current law provisions under which counties and special districts have jurisdiction to impose local sales taxes on retailers making

deliveries in their company-operated vehicles of tangible personal property or of property on which taxable services were performed to purchasers in that county or special district (this provision would have also included a transit authority's jurisdictional area). Also, delete a technical modification that would have repealed and recreated the provision as amended to conform with streamlined sales tax provisions that will become effective October 1, 2009. The Governor's partial veto deletes this modification to, and repeal and recreation of, current law and, instead, will repeal this provision from current law effective October 1, 2009.

[Act 28 Sections: 601, 631, 722, 724, 727, 778, 779, 1445, 1446m (as it relates to this item), 1449, 1466, 1488, 1496, 1516, 1622, 1829, 1849, 1856 thru 1856e, 1858 thru 1872, 1929 thru 1931, 2223m, 2968 thru 2970, 3139, 9150(1), and 9450(3)]

[Act 28 Vetoed Sections: 1488, 1864, and 1864b]

3. MILWAUKEE COUNTY REGIONAL TRANSIT AUTHORITY

Joint Finance: Create a Milwaukee County Regional Transit Authority (RTA), a public body corporate and politic, and specify that the jurisdictional area of the RTA would be the territorial boundaries of Milwaukee County. Specify the following related to the RTA:

a. that the RTA board would be made up of the following members, all of whom must reside in Milwaukee County, who will serve two-year terms: two members appointed by the Milwaukee County board chair; two members appointed by the mayor of the City of Milwaukee; and one member appointed by the Governor;

b. that the RTA would be responsible for the management of transit in Milwaukee County and that the RTA would have the same powers and authorities that would be provided under the Governor's recommendations for the Southeast RTA;

c. that the RTA board would have the authority to impose up to 1.0% sales and use taxes;

d. that the revenues from the RTA's sales and use taxes could be used to fund transit, parks, cultural, and emergency medical services programs in Milwaukee County;

e. that an amount equal to 15% of the revenues from the RTA's sales and use taxes must be paid to the City of Milwaukee each year; and

f. that Milwaukee County would serve as the fiscal agent for the RTA.

Assembly: Delete the proposed Milwaukee County RTA and, instead, create a Milwaukee Transit Authority, to be governed by a board with the same members and two-year terms as specified under Joint Finance for the Milwaukee County RTA. Specify that the Milwaukee Transit Authority would have the authority to contract with Milwaukee County to provide transit service in the county and would have all the powers necessary and convenient to do so.

Specify that Milwaukee County would not be a member of the Milwaukee Transit Authority unless the Milwaukee County board adopts a resolution by a majority vote that authorizes the County to be member of the Authority. Specify that the county board would have the authority to adopt a resolution imposing 0.5% sales and use taxes for transit service in Milwaukee County if the following apply: (a) the county board votes to become a member of the Authority; and (b) the county board contracts with the Authority to provide transit service in Milwaukee County. If it imposes the 0.5% sales and use taxes, require the Milwaukee County board to provide the Authority with the revenues from the taxes. Specify that if the taxes are imposed, the county board would not be allowed to levy property taxes for transit purposes.

Provide the Milwaukee County board the authority to adopt a resolution imposing 0.15% sales and use taxes. Require the county board to allocate revenue from the 0.15% sales and use taxes to the underlying municipalities in proportion to the number of police and fire employees within each municipality.

Specify that the bylaws of the Milwaukee Transit Authority would govern its management, operations, and administration. Specify that authority would be vested in its board of directors and that a majority of the board would constitute a quorum for the purpose of exercising its powers. Allow the board to take any action upon a majority vote of the members present and voting unless the bylaws require a larger number. Require the board of directors of the Authority to annually prepare a budget for the authority, maintain an accounting system in accordance with generally accepted accounting principles, and have its financial statements audited annually by an independent certified public accountant. Require that the revenues of the Authority shall be used only for the expenses and specific purposes of the Authority.

Specify that creation of the Authority would not limit the powers of political subdivisions to enter into intergovernmental cooperation or contracts or to establish separate legal entities. Specify that the property of the Authority would be exempt from property taxation, income received would be exempt from income taxation, and sales to the Authority would be exempt from sales taxes.

Specify that if Milwaukee County or the Milwaukee Transit Authority develops a plan for a transit project that requires Federal Transit Administration (FTA) approval, the County or the Authority would be required to submit such plans and federal funding applications to the Southeastern RTA, rather than directly to the FTA.

Senate: Delete provision. Instead, provide Milwaukee County the authority to impose sales and use taxes at a rate of 1.0%, which would be in addition to its current authority to impose such taxes at a rate of 0.5%. Specify that the imposition of the 1.0% sales and use taxes would be done by the adoption of an ordinance to impose the taxes at the 1.0% rate and that provisions related to the imposition, collection, and distribution of the current 0.5% county sales and use taxes would apply to the new taxes. Specify that an ordinance to impose the taxes must be effective on the first day of January, April, July, or October and that a certified copy of the ordinance must be delivered to the DOR Secretary at least 120 days prior to its effective date.

Provide that the repeal of such an ordinance would take effect on December 31 and that the same notice must be given to DOR.

Require the county to use 85% of the revenues it receives from the new taxes for transit, parks, culture, and emergency medical services and specify that the county shall not levy property taxes for such purposes. Modify the county property tax rate limit to specify that if Milwaukee County imposes the 1.0% sales and use taxes that its operating levy shall be reduced by at least \$67 million, and that its operating levy limit would also be reduced to reflect this reduction in its operating levy, to account for the elimination of the county's need to levy for transit, parks, culture, and emergency medical services.

Require Milwaukee County to distribute the other 15% of the new sales and use tax revenues to the municipalities in Milwaukee County. Require the municipalities to use these funds to support police, fire, and emergency medical services. Specify that the funds would be allocated among the municipalities in Milwaukee County on a per capita basis.

Conference Committee/Legislature: Delete Senate provision and restore the Assembly provisions, with the following modifications:

a. Specify that if the 0.5% sales and use taxes are imposed, Milwaukee County must indicate on each taxpayer's property tax bill the amount of the reduction in property taxes associated with the requirement to remove transit expenditures from the property tax levy.

b. Specify that the authority to impose 0.15% sales and use taxes for distribution to Milwaukee County's underlying municipalities would apply only if the 0.5% sales and use taxes for transit are imposed. Require the County to annually distribute the revenues to the underlying municipalities for police, fire, and emergency medical services based on the number of sworn fire and police officers employed by each municipality on July 1 of the preceding calendar year.

c. Modify the Milwaukee Transit Authority board membership to be three members appointed by the county board chair, two members appointed by the mayor, and two members appointed by the Governor. Specify that the appointees of the County board chair and the Governor must reside in Milwaukee County and that the Mayor's appointees must reside in the City of Milwaukee. Specify that the appointees of the County board chair and the Mayor must be elected officials representing the county or the city, respectively.

d. Specify that any contract between the Milwaukee County board and the Milwaukee Transit Authority for the provision of transit services in the county would have to be a long-term and ongoing contract.

e. Require Milwaukee County or the Milwaukee Transit Authority to share their annual and long-term transit plans with Southeastern Regional Transit Authority (SERTA), rather than having plans and applications for federal funding going through SERTA.

f. Specify that prevailing wage requirements would apply to public works contracts

entered into by the Milwaukee Transit Authority.

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

[Act 28 Vetoed Sections: 778, 779, 1449m, 1478v, 1487t, 1516, 1622, 1817p, 1849, 1856f, 1856g, 1856h, 1856i, 1932, 2223m, 2969, 3139, and 9443(14r)]

4. SOUTHEASTERN REGIONAL TRANSIT AUTHORITY

Joint Finance: Create a KRM Authority, a public body corporate and politic, comprised of Kenosha, Racine, and Milwaukee counties. Specify that the jurisdictional area of the Authority would be the territorial boundaries of the member counties. Specify that the powers of the Authority would be limited to those necessary and convenient for the creation, construction, and management of a KRM commuter rail line, defined as a commuter rail transit system connecting the cities of Kenosha, Racine, and Milwaukee. In addition, specify that the powers of the KRM Authority would be vested in a board of directors consisting of the following members:

- a. two members from Milwaukee County appointed by the Milwaukee County board chair;
- b. two members from the City of Milwaukee appointed by the mayor of the City of Milwaukee;
- c. one member from Racine County appointed by the Racine County board chair;
- d. one member from the City of Racine appointed by the mayor of the City of Racine;
- e. one member from Kenosha County appointed by the county executive of Kenosha County;
- f. one member from the City of Kenosha appointed by the mayor of the City of Kenosha; and
- g. one member, who must reside within the KRM Authority's jurisdictional area, appointed by the Governor.

Specify that the KRM commuter rail line would have to include a stop at the point where the line intersects National Avenue in the City of Milwaukee.

Provide the KRM board the authority to impose up to a \$16 per transaction vehicle rental fee in the jurisdictional area of the Authority (the existing Southeastern Wisconsin RTA would no longer have authority to impose the current law \$2 fee after the effective date of the budget act). Allow the board to provide for the annual indexing of the vehicle rental fee by the average, annual change in the consumer price index for all urban consumers (the CPI-U) for the twelve months ending on September 30 in the year before the adjustment. Specify that any

indexed rate would be rounded to the next highest quarter-dollar amount. Specify that the KRM board would have to notify DOR of any indexed fee adjustment at least 90 days before it becomes effective and that DOR would have to publish the adjusted fee at least 30 days before it becomes effective.

Provide the KRM board the authority to issue up to \$50 million in bonds, excluding refunding bonds, for the anticipated local funding share required for initiating KRM commuter rail link service. Specify that "bonds" would mean any bonds, interim certificates, notes, debentures, or other obligations of the Authority.

Specify the following relative to the bonds issued by the KRM board: (a) the board could secure the bonds by a pledge of any income or revenues from any operations, rent, aids, grants, subsidies, contributions, or other source of funds; (b) neither the governing body of the board nor any person executing the bonds would be personally liable on the bonds by reason of the issuance of the bonds; (c) the bonds would not be debt of the counties within the Authority and neither the counties nor the state would be liable for the payment of the bonds; (d) the bonds would only be payable out of funds or properties of the Authority; and (e) the restrictions under (c) and (d) would have to be stated on the face of the bonds.

In addition, specify the following relative to the Authority's bonds, including refunding bonds: (a) the bonds would have to be authorized by resolution of the KRM board; (b) the bonds could be issued under a resolution or under a trust indenture or other security instrument; (c) the bonds could be issued in one or more series and could be in the form of coupon bonds or registered bonds; (d) the bonds would have to bear the dates, mature at the times, bear interest at the rates, be in the denominations, have the rank or priority, be executed in the manner, be payable in the medium of payment and at the places, and be subject to the terms of redemption, with or without premium, as the resolution, trust indenture, or other security instrument provides; (e) the bonds would be issued for an essential public and governmental purpose and would be public instrumentalities and, together with interest and income, would be exempt from taxes (specific exemptions for interest income would be created from the state's individual and corporate income and insurance company taxes); (f) the bonds could be sold by the Authority at public or private sales at the price or prices determined by the KRM board; and (g) if any member of the KRM board whose signature appears on the bonds ceases to be member of the KRM board before the bonds are delivered, the signature would remain valid.

Provide the KRM board the authority to issue refunding bonds for the purpose of paying any of its bonds at or prior to the maturity or upon acceleration or redemption. Specify that the KRM board may issue refunding bonds at such time prior to the maturity or redemption of the refunded bonds as the Authority deems to be in the public interest. Provide that the refunding bonds may be issued in sufficient amounts to pay or provide the following: (a) the principal of the refunded bonds together with any redemption premium on the bonds and any interest accrued or to accrue to the date of payment of the bonds; (b) the expenses to issue refunding bonds; (c) the expenses of redeeming the bonds being refunded; and (d) such reserves for debt service or other capital or current expenses from the proceeds of the refunding bonds as may be

required by the resolution or under a trust indenture or other security instrument.

Provide that the balance of funds from the existing Southeastern Wisconsin RTA would be transferred to the KRM Authority, no later than the first day of the third month beginning after the budget act's general effective date, to assist in the planning of the KRM commuter rail project.

Require that no later than one year after the general effective date of the budget act the Authority would have to submit an application to the Federal Transit Administration to enter the preliminary engineering phase of the federal new starts grant program for the KRM commuter rail line.

Assembly: Rename the KRM Authority as the Southeastern Regional Transit Authority (SERTA). Specify that SERTA is the only entity in Kenosha, Milwaukee, and Racine counties that could apply to the Federal Transit Administration (FTA) for federal transit funding assistance. Also, specify that the Milwaukee Transit Authority and operators of any transit system in Kenosha or Racine counties that is eligible to receive state mass transit operating assistance and develops a plan for a transit project that requires FTA approval, would be required to submit such plans and federal funding applications to SERTA, rather than directly to the FTA.

Increase the vehicle rental fee from \$16 to \$18 per rental transaction (the vehicle rental fee could continue to be indexed annually as under Joint Finance). Specify that revenues equal to the amount derived from \$1 of the vehicle rental fee would be provided both to the City of Kenosha and the City of Racine for their respective transit systems if each city generates new funds to match the vehicle rental tax revenues. Specify that SERTA would only be allowed to provide Kenosha and Racine revenues from the vehicle rental fee if the cities have demonstrated that they have established a new funding source to produce matching funds for those revenues. Allow for revenues equivalent to up to \$2 of the vehicle rental fee to be used for SERTA administration. Specify that the remaining revenues from the vehicle rental fee could be used for costs related to the KRM commuter rail project, including the planning, engineering, construction, maintenance, and operation of the project.

Specify that no municipality within Kenosha or Racine counties, other than the cities of Kenosha and Racine, would be allowed to have a stop on the KRM commuter rail line unless the municipality provides a sustainable funding mechanism to contribute to the existing Kenosha or Racine transit systems.

Modify the appointments to the SERTA board by specifying that the Kenosha County board chair, rather than the Kenosha County Executive, would appoint the Kenosha County member to the board.

Specify that SERTA would be considered a local unit of government that would be covered under the municipal employee relations statutes, which govern the collective bargaining actions between employers and employees

Require that the KRM commuter rail project include a stop in the City of Milwaukee at the intersection of Lincoln Avenue and Bay Street.

Senate: Delete the following Assembly provisions: (a) requirements related to SERTA being the exclusive entity to apply to FTA for federal funding and being the conduit for submission of other transit systems' plans to the FTA; (b) the increase in the maximum vehicle rental fee to \$18 and the allocation of specified portions of the fee revenues; and (c) the prohibition on establishing KRM stops in certain Kenosha or Racine county municipalities unless they contribute funds to operate existing Kenosha or Racine transit systems. Specify that prevailing wage requirements would apply to public works contracts entered into by SERTA.

Conference Committee/Legislature: Restore the Assembly provisions related to: (a) increasing the maximum vehicle rental fee to \$18 and allocating specified portions of the fee revenue; and (b) prohibiting the establishment of KRM stops in certain Kenosha and Racine county municipalities unless they contribute funds to operate existing Kenosha or Racine transit systems. In addition, make the following modifications:

a. Specify that SERTA is the only entity in Kenosha, Milwaukee, and Racine counties that could apply to the Federal Transit Administration (FTA) for federal new starts funding for a Kenosha-Racine-Milwaukee commuter rail project (instead of having this requirement apply to any federal transit funding assistance for any purpose).

b. Require the operators of any transit system in Kenosha or Racine counties that is eligible to receive state mass transit operating assistance to share their annual and long-term transit plans with SERTA.

c. Specify that any transit system in Kenosha or Racine counties that is eligible to receive state mass transit operating assistance could, by a vote of the municipal governing body, contract with SERTA to provide transit services.

d. Specify that the powers of SERTA would be vested in its board of directors and that: (1) a majority of the board's full authorized membership would constitute a quorum for the purpose of conducting the authority's business and exercising its powers; and (2) any action may be taken by the board upon a vote of a majority of the directors present and voting, unless the bylaws of SERTA require a larger number.

Veto by Governor [F-9]: Delete the following provisions: (a) the requirement that revenues equal to the amount derived from \$1 of the vehicle rental fee be provided to both the City of Kenosha and the City of Racine for their respective transit systems, if the cities establish a new funding source to match these revenues; (b) the prohibition on KRM commuter rail stops in Kenosha or Racine counties, other than in the cities of Kenosha and Racine, unless the municipality where the stop is to be located provides a sustainable funding mechanism to contribute to the existing Kenosha or Racine transit systems; (c) the requirement that the KRM commuter rail line include stops in the City of Milwaukee at the intersection of Lincoln Avenue and Bay Street and at the point where the line intersects National Avenue; and (d) the ability of any transit system in

Kenosha or Racine counties, by a vote of the municipal governing body, to contract with SERTA to provide transit services.

[Act 28 Sections: 601m, 632, 1446m, 1449m, 1478v, 1516, 1539m, 1622, 1701m, 1829, 1849, 1890m thru 1891t, 1928c, 1928m, 1930, 1932, 2223m, and 9150(5q)]

[Act 28 Vetoed Section: 1449m (as it relates to this item)]

5. INTERCITY BUS ASSISTANCE PROGRAM [LFB Paper 771]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$2,457,200	- \$614,300	\$1,842,900

Governor: Provide \$1,228,600 annually to fund an intercity bus program created under the bill. Create a continuing SEG appropriation to provide state funds for the program. Rename the existing FED and SEG-L transit and transportation employment and mobility aids appropriations to be the transit and other transportation-related aids appropriations and add funds received from the federal government or a local unit of government, respectively, for the intercity bus assistance program to the funds expended from these appropriations.

Require DOT to develop and administer an intercity bus assistance program to increase the availability of intercity bus service in this state. Specify that under this program, the Department could do any of the following:

- a. contract with private providers of intercity bus service to support intercity bus service routes of the provider; and
- b. make grants to political subdivisions (counties, cities, villages, or towns) to support intercity bus service routes having an origin or destination in the political subdivision.

Define "intercity bus service," to mean regularly scheduled bus service for the general public that operates with limited stops over fixed routes and connects two or more urban areas not in close proximity. The service must have the capacity for transporting baggage carried by passengers, and make meaningful connections with scheduled intercity bus service to more distant points if such service is available.

Require all expenditures under the program to be from the SEG, SEG-L, and FED appropriations for the program. Specify that DOT could not enter into any contract, or award any grant, that would provide funds to support any intercity bus service route in an amount exceeding the lesser of the following:

- a. 50% of a route's net operating loss (defined as the portion of the reasonable costs of operating an intercity bus service route that cannot reasonably be financed from revenues derived from the route); or

b. the portion of the net operating loss of the intercity bus service route for which federal funds are not available.

Require DOT to prescribe the form, nature, and extent of the information that must be contained in an application for an intercity bus grant and to establish criteria for evaluating applications for the grants.

Joint Finance/Legislature: Reduce funding in 2009-10 by \$614,300 in order to provide one-half the amount recommended by the bill. Total funding would be established at \$614,300 in 2009-10 and \$1,228,600 in 2010-11.

[Act 28 Sections: 291 thru 293, and 1939]

6. MILWAUKEE TO CHICAGO PASSENGER RAIL SERVICE [LFB Paper 772]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$2,369,100	- \$2,369,100	\$0
FED	<u>9,476,700</u>	<u>- 9,476,700</u>	<u>0</u>
Total	\$11,845,800	- \$11,845,800	\$0

Governor: Provide \$357,800 SEG and \$1,431,400 FED in 2009-10 and \$2,011,300 SEG and \$8,045,300 FED in 2010-11 to fund Wisconsin's share of the cost of Amtrak's Hiawatha passenger train service between Milwaukee and Chicago. These amounts include funding to cover projected increased costs to maintain existing service under the state's contract with Amtrak, plus additional funding to add capacity to serve an increase in the number of passengers using the service. The Department estimates the amount needed to maintain existing service at \$1,099,200 in 2009-10 and \$1,549,300 in 2010-11, which would bring the total amount provided for existing service to \$7,622,000 in 2009-10 and \$8,072,100 in 2010-11. On top of these amounts, the bill includes \$690,000 annually to add an additional car to each train set to address congestion, plus \$7,817,300 in 2010-11 to increase the number of daily round trips from seven to eight. Adding an eighth daily round trip would require an additional train set to service the route. Of the additional funding for an eighth round trip, \$5,040,000 would be a one-time cost associated with refurbishing the equipment for the service, while the other \$2,777,300 would be the ongoing operating cost associated with the new service. Wisconsin shares the cost of providing the service with Illinois, with Wisconsin paying 75% of the states' share and Illinois paying 25%. The amounts in the bill reflect this funding split. The SEG appropriation for passenger rail service would be reduced by \$13,000 annually under a separate item that would reduce most nonfederal appropriations by 1%.

Joint Finance/Legislature: Delete provision. Instead, provide \$1,789,200 SEG in 2009-10 and \$2,239,300 SEG in 2010-11 in the Joint Committee on Finance's supplemental appropriation as follows: (a) \$1,099,200 in 2009-10 and \$1,549,300 in 2010-11 related to providing a funding supplement for the costs of maintaining existing service on the Hiawatha passenger rail service route; and (b) \$690,000 annually related to providing a funding supplement for the operating

costs associated with the addition of a sixth car on each of the two train sets used for the current Hiawatha service. Allow DOT to submit requests for such supplements and allow the Committee to allocate any amounts not needed for the described purposes to other transportation programs. The fiscal effect on the Committee's supplemental appropriation is shown under "Program Supplements."

7. PASSENGER RAIL SERVICE BONDS

BR	\$40,000,000
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Governor/Legislature: Provide \$40,000,000 of additional general obligation bond authority for passenger rail service development, which, when added to existing, unused bonding for this purpose, would provided a total of \$120,000,000. When fully issued, debt service on the additional bonds would be about \$3.2 million annually, paid from a general fund appropriation. Passenger rail service development bonds may be used for the following purposes: (a) capital costs related to Amtrak service extension routes or other rail service routes between the cities of Milwaukee and Madison, Milwaukee and Green Bay, Milwaukee and Chicago, Madison and Eau Claire, and Madison and La Crosse; (b) railroad track or rail passenger station improvements related to an Amtrak service extension route, or establishing commuter rail service, between the City of Milwaukee and Waukesha County; and (c) rail passenger station improvements related to an existing rail passenger service. The administration indicates that the additional bonds would be used to match federal funds to improve the passenger rail system in the state.

[Act 28 Section: 648]

8. PASSENGER RAIL SERVICE ROUTE ALTERNATIVES REPORT

Joint Finance/Legislature: Require DOT to present a report to the Joint Committee on Finance by January 1, 2011, that addresses the alternatives for extending high speed passenger rail service from Madison to the Twin Cities in Minnesota. Specify that the report must consider a route traveling through the City of La Crosse and another traveling through the City of Eau Claire and shall compare the cost and potential benefits of each route.

[Act 28 Section: 9150(7j)]

9. FEASIBILITY STUDY FOR PASSENGER RAIL STOP IN WATERLOO

Assembly: Require DOT to conduct a study of the feasibility of including a stop in the City of Waterloo in Jefferson County, if the Department considers a high-speed passenger rail route between Milwaukee and Madison.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

Veto by Governor [C-12]: Delete provision.

[Act 28 Vetoed Section: 1928b]

10. FREIGHT RAIL PRESERVATION PROGRAM [LFB Paper 773]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	\$1,982,800	\$1,982,800
BR	<u>60,000,000</u>	<u>0</u>	<u>60,000,000</u>
Total	\$60,000,000	\$1,982,800	\$61,982,800

Governor: Provide \$60,000,000 in general obligation bond authority for the freight rail preservation program, an increase from \$22,000,000 provided in the 2007-09 biennium. The bonds authorized for this program may be used to rehabilitate track and bridges on publicly-owned rail lines and acquire abandoned railroad lines to maintain rail service. Private railroad companies operates on the state-owned rail lines. Once fully issued, annual debt service on the bonds would be about \$4.8 million annually, paid from a transportation fund appropriation. The Department indicates that the additional bonds would be used to accelerate the process of upgrading existing, state-owned rail lines to accommodate the heavier loads that are becoming standard in the rail shipping industry, and to acquire newly-abandoned rail lines to preserve those lines for future service.

Joint Finance: Increase funding by \$225,000 SEG in 2009-10 and \$1,757,800 SEG in 2010-11 to reflect estimated debt service payments on the bonds. Require the Department to submit a report to the Joint Committee on Finance by January 1, 2010, that provides an assessment of potential freight rail improvements and acquisitions over at least the next 10 years. Specify that the Department's report must provide the following: (a) at least three scenarios for freight rail improvements and acquisitions, with different levels of annual expenditures; (b) an assessment of the benefits and costs of the improvements under each scenario; (c) a discussion of the potential benefits of each scenario in relation to other potential uses of transportation fund resources; and (d) an assessment of whether some proposed freight rail improvements on state lines could have sufficiently high benefits to induce the railroad to fund a higher percentage of the cost.

Assembly: Require DOT to allow and consider public comment on each of the 10-year funding scenarios discussed in the report required under the Joint Finance provision.

Senate: Delete Assembly modification.

Conference Committee/Legislature: Restore Assembly modification.

Veto by Governor [C-12]: Delete the report requirement.

[Act 28 Section: 652]

[Act 28 Vetoed Section: 9150(5x)]

11. RAILROAD PROJECT BIDDING REQUIREMENTS

Joint Finance: Specify that any project funded in whole or in part with public funds involving the construction, rehabilitation, improvement, demolition, or repair of rail property or rail property improvements shall be let on the basis of competitive bidding and shall be awarded to the lowest responsible bidder by DOT or the recipient of the public funds. Specify that this requirement would not apply to projects done in response to a public emergency, projects with an estimated cost of less than \$25,000, or projects performed by a railroad company using its own employees on rail property or rail property improvements owned or leased by the railroad company. Prohibit the Department or recipient of public funds from subdividing a project into more than one contract, allocating the work or workers in any manner, or transferring jurisdiction of a project to avoid letting the project to competitive bidding. Specify that the competitive bidding requirements do not apply to any project if the Department or a recipient of public funds does not receive a responsible bid for the project.

Senate/Legislature: Modify the provision to specify that the bidding requirement would not apply to the installation or maintenance of warning devices at rail-highway crossings.

[Act 28 Section: 1931L]

12. HARBOR ASSISTANCE PROGRAM [LFB Paper 774]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	\$419,700	\$419,700
BR	<u>19,050,000</u>	<u>- 6,350,000</u>	<u>12,700,000</u>
Total	\$19,050,000	- \$5,930,300	\$13,119,700

Governor: Provide \$19,050,000 in general obligation bond authority for the harbor assistance program, an increase from \$12,700,000 in bonds provided in the 2007-09 biennium. Once fully issued, annual debt service on the bonds would be about \$1.5 million annually, paid from a transportation fund appropriation. When combined with an appropriation of \$493,800 SEG annually for harbor projects (a 1% reduction from the base funding level), the bill would provide a total of \$20,037,600 for harbor program grants over the biennium. The administration indicates that the increased level of bonding is intended to provide funding for eligible projects that did not receive funding in 2008-09 because of a lack of funds, plus provide the same amount of funding for projects in the 2009-11 biennium.

Joint Finance/Legislature: Reduce the level of new bonding for the program by \$6,350,000, from \$19,050,000 under the bill to \$12,700,000. Increase funding by \$47,600 SEG in 2009-10 and \$372,100 SEG in 2010-11 to reflect estimated debt service on these bonds. Require the Department to submit a report to the Joint Committee on Finance by July 1, 2010, that provides an assessment of current and future harbor improvement needs for the next 10 years, for both freight and non-freight industries.

Veto by Governor [C-12]: Delete the report requirement.

[Act 28 Section: 651]

[Act 28 Vetoed Section: 9150(5d)]

13. TRANSPORTATION ENHANCEMENTS [LFB Paper 775]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$12,683,300	\$643,600	\$13,326,900

Governor: Provide \$12,683,300 in 2009-10 for the local transportation enhancements grant program from federal stimulus funds. The American Recovery and Reinvestment Act of 2009 provides various types of transportation aid to the states. Of the estimated \$529,111,900 of federal highway aid received by the state, 3%, or \$15,873,400, must be set aside for the transportation enhancements program. The bill would reflect 80% of this amount in the 2009-10 appropriation in the current local grant program for transportation enhancements.

Joint Finance/Legislature: Provide an additional \$643,600 in 2009-10 from federal economic stimulus funds. Based on approvals to date of transportation enhancements grants, it now is estimated that only 16% of the state's \$15,873,400 set-aside for these grants will be used in 2008-09, leaving an estimated \$13,326,900 to be used in 2009-10.

14. TRANSPORTATION ENHANCEMENT FUNDING FOR BICYCLE AND PEDESTRIAN FACILITIES

Conference Committee/Legislature: Require DOT to allocate at least 70% of the federal funding provided under the transportation enhancements grant program to bicycle and pedestrian projects, first applying to project grant awards made on the general effective date of the bill.

Veto by Governor [F-10]. Delete provision.

[Act 28 Vetoed Sections: 1928j (as it relates to this provision), 1928k, and 9350(10q)]

15. TRANSPORTATION ENHANCEMENTS GRANTS FOR THE CITY OF RACINE

Joint Finance/Legislature: Require DOT to award the following grants to the City of Racine under the transportation enhancements grant program during the 2009-11 biennium if it is determined that the projects are eligible for assistance under federal guidelines for the program: (a) a grant of \$400,000 or 80% of the project cost, whichever is less, for streetscaping on State Street from Memorial Drive to La Salle Street; and (b) a grant for \$500,000 or 80% of

project costs, whichever is less, for streetscaping on Washington Avenue/7th Street from 9th Street to Main Street.

[Act 28 Section: 9150(5f)]

16. TRANSPORTATION ENHANCEMENTS GRANT FOR DOUGLAS COUNTY FOR BICYCLE LANES ON CTH B

Assembly: Require DOT to provide a grant from the transportation enhancements program to Douglas County for the construction of bike lanes along CTH B in the 2009-11 biennium. Specify that the grant shall be \$400,000 or 80% of the cost of the additional lanes, whichever is less. Specify that DOT may not rescind the grant unless the County notifies the Department that it no longer intends to go forward with the project.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 28 Section: 9150(10x)]

17. LOCAL BICYCLE FACILITIES GRANT PROGRAM

SEG	\$5,000,000
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Joint Finance/Legislature: Provide \$2,500,000 annually in a new, continuing appropriation for making grants under the bicycle and pedestrian facilities program and for grants involving bicycle and pedestrian facilities under the transportation enhancements program. Specify that amounts from this appropriation may be used to supplement amounts provided in the FED appropriations for bicycle and pedestrian facilities and transportation enhancements.

[Act 28 Sections: 295g, 1928g, and 1928j]

18. BICYCLE AND PEDESTRIAN FACILITIES INCORPORATED INTO HIGHWAY AND STREET PROJECTS

Senate/Legislature: Require DOT, with certain exceptions, to ensure that bikeways and pedestrian ways are established in all new highway construction and reconstruction projects funded in whole or in part from state funds or federal funds provided in DOT appropriations or bonds authorized for use by the Department. Require DOT to promulgate administrative rules that specify the circumstances under which this requirement does not apply, but specify that these rules may only include situations in which one or more of the following apply: (a) bicyclists or pedestrians are prohibited by law from using the highway; (b) the cost of establishing bikeways or pedestrian ways would be excessively disproportionate to their need or probable use; (c) including bikeways or pedestrian ways would have excessive negative impacts in a constrained environment; (d) sparse population, low traffic volume, or other

factors indicate an absence of need; or (e) the refusal of a community to accept an agreement for the maintenance of pedestrian ways. Define "excessively disproportionate," for the purposes of "b" above, to be more than 20% of the total project cost. Require the DOT Secretary or the Secretary's designee with knowledge of the purpose and value of bicycle and pedestrian accommodations to review any exception to the bicycle and pedestrian facilities requirement made on the "excessively disproportionate" grounds. Define "bikeway" to mean a public path, trail, lane or other way, including structures, traffic control devices and related support facilities and parking areas, designated for use by bicycles, electric personal assistive mobility devices, and other vehicles propelled by human power. This definition also includes bicycle lanes and bicycle ways, both as currently defined. Define "pedestrian way" as a walk designated for the use of pedestrian travel.

[Act 28 Section: 1918gr]

19. STH 102 BICYCLE AND PEDESTRIAN PATH IN THE VILLAGE OF RIB LAKE

Senate/Legislature: Require DOT to construct a bicycle and pedestrian path and bridge, with lighting, along STH 102 from State Road to Fayette Avenue in the Village of Rib Lake in Taylor County, in conjunction with the resurfacing of the highway, if the Village contributes at least \$60,000 toward the cost of the path and lighting.

[Act 28 Section: 1918L]

20. SOO LOCKS PROJECT FUNDING

SEG	- \$235,600
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Governor/Legislature: Reduce funding by \$117,800 annually to eliminate funding for the state's share of the Soo Locks project near Sault Ste. Marie, Michigan. The Soo Locks project is a cooperative project between the Great Lakes states and the federal government to construct a new, large lock in the Sault Ste. Marie locks complex. The 2005-07 budget created an appropriation in DOT to make annual payments toward Wisconsin's share of the cost. Since that time, however, the federal government has assumed 100% of the cost, allowing the state to discontinue payments. This item is one of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations).

21. GRANT FOR MANITOWOC ROAD IN THE VILLAGE OF BELLEVUE

Joint Finance/Legislature: Require DOT to award a grant during the 2009-11 biennium to the Village of Bellevue in Brown County for the reconstruction of Manitowoc Road from Eaton Road to Allouez Avenue. Specify that the amount of the grant shall be \$1,250,000 or 80% of the project cost, whichever is less.

[Act 28 Section: 9150(5cc)]

22. LOCAL TRANSPORTATION FACILITY IMPROVEMENT GRANT FOR CTH X IN CHIPPEWA COUNTY

Joint Finance/Legislature: Require DOT to award a grant during the 2009-11 biennium for the rehabilitation of CTH X in Chippewa County between 57th Avenue and 184th Street, from the local transportation facility improvement assistance program, if this project does not receive federal economic stimulus funding. Specify that the amount of the grant shall be \$430,000 or 80% of the project cost, whichever is less.

[Act 28 Section: 9150(5b)]

23. LOCAL BRIDGE IMPROVEMENT GRANT FOR TOWN OF LA PRAIRIE BRIDGE IN ROCK COUNTY

Joint Finance/Legislature: Require DOT to award a grant of \$250,000 during the 2009-11 biennium to the Town of La Prairie in Rock County from the local bridge improvement assistance program for the replacement and expansion of a bridge on South Reid Road.

[Act 28 Section: 9150(6j)]

24. GRANT FOR HURON ROAD IN THE VILLAGE OF BELLEVUE

SEG	\$100,000
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Joint Finance/Legislature: Require DOT to make a grant of \$100,000 in 2009-10 to the Village of Bellevue in Brown County for a street beautification project on Huron Road. Provide \$100,000 in 2009-10 in a new, annual appropriation for that purpose and delete the appropriation on July 1, 2011.

[Act 28 Sections: 294p, 294r, 9150(4c), and 9450(14d)]

25. GRANT FOR THE VILLAGE OF FOOTVILLE IN ROCK COUNTY

SEG	\$20,000
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Joint Finance/Legislature: Require DOT to make a grant of \$20,000 in 2009-10 to the Village of Footville in Rock County for the construction of a pedestrian path. Provide \$20,000 in 2009-10 in a new, annual appropriation for that purpose and delete the appropriation on July 1, 2011.

[Act 28 Sections: 294t, 294w, 9150(5bb), and 9450(14c)]

26. RAILROAD CROSSING IMPROVEMENT GRANT TO TOWN OF STOCKTON IN PORTAGE COUNTY

Assembly: Require DOT to award a grant of \$175,000 in the 2009-11 biennium to the Town of Stockton in Portage County for railroad crossing improvements at the intersection of Old Highway 18 and the Canadian National Railroad tracks from the appropriation for railroad crossing improvement installation.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 28 Sections: 294o and 9150(11f)]

27. LOCAL ROADS IMPROVEMENT PROGRAM GRANT FOR EISNER AVENUE PROJECT IN SHEBOYGAN COUNTY

Assembly: Require DOT to award a grant of \$500,000 from the local roads improvement program for discretionary grants in the 2009-11 biennium to the City of Sheboygan for the rehabilitation of Eisner Avenue in Sheboygan County if the City of Sheboygan and Town of Sheboygan reach an agreement on the payment of the local match for the project. Require the grant to be split equally between the discretionary program for municipalities and the discretionary program for towns. Specify that this grant shall be made notwithstanding program criteria for awarding grants and shall be in addition to the City of Sheboygan's entitlement under the entitlement component of the program.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 28 Section: 9150(10g)]

State Highway Program

1. STATE HIGHWAY REHABILITATION FUNDING [LFB Paper 776]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$121,416,000	- \$99,077,700	\$22,338,300
SEG	10,651,200	44,501,700	55,152,900
BR	0	60,000,000	60,000,000
Total	\$132,067,200	\$5,424,000	\$137,491,200

Governor: Provide \$132,067,200 FED in 2009-10 from federal stimulus funds for the state highway rehabilitation program. Reduce funding by \$1,995,400 FED in 2009-10 and \$8,655,800 FED in 2010-11 and provide corresponding increases of \$1,995,400 SEG in 2009-10 and \$8,655,800 SEG in 2010-11 to reflect the reallocation of estimated federal highway formula aid among the Department's appropriations, while maintaining total funding constant. Total funding for the program is also affected by two other reduction items, summarized in separate entries. First, under a provision that reduces most nonfederal appropriations by 1%, funding for the program would be reduced by \$3,447,900 SEG annually. Second, under a provision that makes reductions for various departmentwide administrative functions, funding for contractual engineering services would be reduced by \$7,968,200 SEG in 2009-10 and \$7,337,200 SEG in 2010-11.

Of the federal stimulus funds provided in 2009-10, the bill would allocate \$22,056,500 for projects in the Madison and Milwaukee urban areas, while the remainder could be used anywhere in the state. The federal American Recovery and Reinvestment Act of 2009, which is the source of stimulus funds, requires that a portion of the highway funds be distributed according to current federal highway formulas, which include a required set-aside for individual urban areas with a population exceeding 200,000, as well as set-asides (in aggregate, rather than individually) for smaller urban area categories. The set-asides for all urban categories do not require funds to be distributed to local governments for projects on highways under their jurisdiction, but only that a minimum amount be spent in the designated urban areas on either state or local highways. The amount designated for the Madison and Milwaukee areas in the bill reflects approximately 45% of the total required set-aside for those areas, although the remainder could be allocated to those areas from funds obligated in 2009-10 or from 2009-10 stimulus funds that are undesignated. The bill does not specifically identify stimulus funds to meet the set-aside requirements for the smaller urban areas.

The following table shows the total funding for the program under the bill, including the impact of this summary item, the two reduction items described above, standard budget adjustments (\$77,700 SEG annually), and a separate item that would replace \$30,000,000 of federal funds with an equal amount of SEG funds from the southeast Wisconsin freeway rehabilitation program. The stimulus funds designated for the Madison and Milwaukee urban areas are shown separately and not included in the program total since some or all of this amount may be spent on local highways.

<u>Fund</u>	<u>2008-09 Base</u>	<u>Governor</u>	
		<u>2009-10</u>	<u>2010-11</u>
SEG	\$344,787,600	\$365,444,600	\$372,736,000
FED	345,747,300	313,751,900	307,091,500
FED-Stimulus (State)	---	<u>110,010,700</u>	<u>0</u>
Total	\$690,534,900	\$789,207,200	\$679,827,500
FED-Stimulus (Urban)		\$22,056,500	

A provision of 2009 Act 2 requires the Department to allocate the first \$300,000,000 in federal stimulus funds received by the state to a list of 47 state highway projects. Of these, 36 are part of state highway rehabilitation projects, with a total estimated cost of \$161.8 million. Although the Department indicates that this amount will likely be obligated for contracts in 2008-09, it is not reflected in the 2008-09 appropriation base, and, therefore, is not shown in the table.

Joint Finance: Provide \$20,842,300 SEG and \$837,100 FED in 2009-10 and \$22,000,000 SEG and \$7,264,200 FED in 2010-11 for the program and authorize \$60,000,000 in general fund-supported, general obligation bonds for state highway reconstruction, pavement replacement, or bridge replacement projects done under the program. Increase funding by \$168,800 SEG in 2009-10 and \$1,490,600 SEG in 2010-11 to reflect estimated debt service on the bonds. Reduce funding by \$107,179,000 FED in 2009-10 to reflect the following: (a) a reduction of \$85,122,500 in the amount of federal economic stimulus funds allocated to the program in 2009-10, based on a proportionate reduction in stimulus funds allocated to all state highway programs to reflect the amount of those funds actually available for 2009-10; and (b) a reduction of \$22,056,500 to eliminate stimulus funding in the program designated for the Milwaukee and Madison urbanized areas, to reflect that funds designated for local projects would be allocated under a process established under 2009 Act 2.

The following table compares the total funding for the program under the Governor's bill and under the Joint Committee on Finance substitute amendment, as affected by this item and the following separate decisions: (a) a funding increase of \$726,300 SEG and \$594,300 FED in 2009-10 and \$954,700 SEG and \$781,100 FED in 2010-11 for 25.0 positions associated with an initiative to increase the amount of highway project design done by DOT's in-house staff; (b) funding reductions of \$542,200 SEG and \$1,582,300 FED annually associated with separate items that would make adjustments to reflect the elimination of a scheduled 2% general wage increase for state employees and a required employee furlough; (c) a funding reduction of \$69,856,100 SEG annually and a corresponding increase in the use of general fund-supported bonds, associated with an initiative to transfer transportation fund revenues to the general fund; and (d) a \$14,237,200 FED increase in 2009-10 associated with the implementation of primary seat belt enforcement.

<u>Fund</u>	<u>Governor</u>		<u>Joint Finance</u>	
	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>
SEG	\$365,444,600	\$372,736,000	\$316,614,900	\$325,292,400
FED	313,751,900	307,091,500	313,601,000	313,554,500
FED-Stimulus (State)	110,010,700	0	24,888,200	0
FED-Seat Belt Law	--	--	14,237,200	0
Gen. Ob. Bonds (GPR)	--	--	69,856,100	69,856,100
Gen. Ob. Bonds (SEG)	--	--	<u>30,000,000</u>	<u>30,000,000</u>
Total	\$789,207,200	\$679,827,500	\$769,197,400	\$738,703,000
FED-Stimulus (Urban)	\$22,056,500	\$0	--	--

Conference Committee/Legislature: The following table shows the total funding for the program under Act 28. Compared to the funding for the program under the Joint Finance substitute amendment, the Act reduces SEG funding by \$32,500,000 annually and replaces those amounts with additional GPR-supported, general obligation bonds. The Act specifies that the 2010-11 appropriation base, used for the preparation of the 2011-13 budget bill, will be adjusted to increase the SEG appropriation by \$102,356,100, the amount of general fund-supported bonds used in the program in 2010-11.

<u>Fund</u>	<u>Act 28</u>	
	<u>2009-10</u>	<u>2010-11</u>
SEG	\$284,114,900	\$292,792,400
FED	313,601,000	313,554,500
FED-Stimulus (State)	24,888,200	0
FED-Seat Belt Law	14,237,200	0
Gen. Ob. Bonds (GPR)	102,356,100	102,356,100
Gen. Ob. Bonds (SEG)	<u>30,000,000</u>	<u>30,000,000</u>
Total	\$769,197,400	\$738,703,000

[Act 28 Sections: 650x, 1918gt, and 1926m]

2. MAJOR HIGHWAY DEVELOPMENT FUNDING [LFB Paper 777]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$76,000,000	-\$58,806,200	\$17,193,800
SEG	0	51,382,800	51,382,800
SEG-S	- 30,000,000	0	- 30,000,000
BR	<u>0</u>	<u>50,000,000</u>	<u>50,000,000</u>
Total	\$46,000,000	\$42,576,600	\$88,576,600

Governor: Provide an increase of \$76,000,000 FED in 2009-10 from federal stimulus funds and delete \$30,000,000 SEG-S (revenue bonds) in 2009-10 for the major highway development program to provide a net increase of \$46,000,000 in that year. Total funding for the program is also affected by two other reduction items, summarized in separate entries. First, under a provision that reduces most nonfederal appropriations by 1%, funding for the program would be reduced by \$764,400 SEG and \$1,674,000 SEG-S annually. Second, under a provision that makes reductions for various departmentwide administrative functions, funding for contractual engineering services would be reduced by \$3,714,200 SEG in 2009-10 and \$3,420,100 SEG in 2010-11. The following table shows the total funding for the program under the bill, including the impact of this summary item, the two reduction items, and standard budget adjustments (\$22,200 SEG annually).

<u>Fund</u>	<u>2008-09 Base</u>	<u>Governor</u>	
		<u>2009-10</u>	<u>2010-11</u>
SEG	\$76,435,500	\$71,979,100	\$72,273,200
SEG-S	167,395,600	135,721,600	165,721,600
FED	78,975,000	78,975,000	78,975,000
FED-Stimulus	--	<u>76,000,000</u>	<u>0</u>
Total	\$322,806,100	\$362,675,700	\$316,969,800

A provision of 2009 Act 2 requires the Department to allocate the first \$300,000,000 in federal stimulus funds received by the state to a list of 47 state highway projects. Of these, four are part of a major highway development project on USH 41 in Winnebago County, with a total estimated cost of \$32.3 million. Although the Department indicates that this amount will likely be obligated for contracts in 2008-09, it is not reflected in the 2008-09 appropriation base, and, therefore, is not shown in the table.

Joint Finance/Legislature: Provide \$24,000,000 SEG in 2009-10 and \$26,000,000 SEG in 2010-11 and authorize \$50,000,000 in transportation fund-supported, general obligation bonds for the program. Increase funding by \$140,600 SEG in 2009-10 and \$1,242,200 SEG in 2010-11 to reflect estimated debt service on the bonds. Reduce funding by \$58,806,200 FED in 2009-10 to reflect a proportionate reduction in stimulus funding among all of the state highway programs, based on the actual amount of stimulus funds remaining for allocation in 2009-10.

The following table compares the total funding for the program under the Governor's bill and under the Joint Committee on Finance substitute amendment (same as Act 28), reflecting the effect of this item, plus the effect of separate items that would reduce funding by \$57,200 SEG and \$281,900 FED annually associated with adjustments to reflect the elimination of a scheduled 2% general wage increase for state employees and a required employee furlough.

<u>Fund</u>	<u>Governor</u>		<u>Joint Finance/Legislature</u>	
	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>
SEG	\$71,979,100	\$72,273,200	\$95,921,900	\$98,216,000
SEG-S	135,721,600	165,721,600	135,721,600	165,721,600
FED	78,975,000	78,975,000	78,693,100	78,693,100
FED-Stimulus	76,000,000	0	17,193,800	0
Gen. Ob. Bonds (SEG)	--	--	<u>25,000,000</u>	<u>25,000,000</u>
Total	\$362,675,700	\$316,969,800	\$352,530,400	\$367,630,700

[Act 28 Sections: 650t, 1918gs, and 1926g]

3. I-94 NORTH-SOUTH FREEWAY RECONSTRUCTION [LFB Paper 778]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$8,350,000	\$1,876,900	\$10,226,900
BR	<u>250,250,000</u>	<u>0</u>	<u>250,250,000</u>
Total	\$258,600,000	\$1,876,900	\$260,476,900

Governor: Provide \$8,350,000 SEG in 2010-11 and \$250,250,000 in transportation-fund supported, general obligation bonds for the reconstruction of the I-94 North-South freeway between the Mitchell Interchange and the Illinois state line. Once fully issued, annual debt service on the authorized bonds would be about \$20.0 million. In addition to the funds provided in this item, the Department indicates that \$34,600,000 of the federal stimulus funds appropriated in 2009-10 for the southeast Wisconsin freeway rehabilitation program would be allocated to the North-South freeway project. When combined with base funds allocated to the project (\$111,800,000 in 2009-10 and \$112,000,000 in 2010-11), new funding from these sources would make a total of \$146,400,000 in 2009-10 and \$370,600,000 in 2010-11 available for the project.

In addition to the complete replacement of the original concrete pavement and structures, the Department's plan for the I-94 North-South freeway includes the construction of a new lane in each direction to provide a total of eight lanes of mainline freeway, and various upgrades to interchanges and frontage roads to improve traffic flow and conform to modern design standards. The total cost of the project is estimated at \$1.9 billion and construction would be completed in 2016.

Joint Finance/Legislature: Increase funding by \$1,876,900 in 2010-11 to reestimate debt service payments on the bonds. Specify that the current law SEG-S appropriation for the owner-controlled insurance program may be used for any DOT construction project with an estimated cost exceeding \$500 million, instead of, under current law, only on the Marquette Interchange reconstruction project.

[Act 28 Sections: 295m and 650]

4. ZOO INTERCHANGE RECONSTRUCTION

SEG	\$6,000,000
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Governor/Legislature: Provide \$3,000,000 annually for preliminary activities related to the reconstruction of the Zoo Interchange (I-94/I-894/USH 45) in western Milwaukee County. When added to \$7,000,000 in base funds in the southeast Wisconsin freeway rehabilitation appropriation for the Zoo Interchange project, this item would make a total of \$10,000,000 available annually. The Department is expecting to complete an environmental impact statement for the project in 2009, which will result in the selection of a preferred alternative and a cost estimate. The funding in the bill would allow the Department to proceed with other preliminary activities associated with the project, such as property acquisition, utility relocation, and design engineering. Additional funding would be required in subsequent biennia to complete preliminary activities before construction could begin.

Modify the statutory definition of the Zoo Interchange to correspond to the area under study in the Department's environmental impact statement, extending the boundaries of the interchange in each direction by approximately one-half mile, as follows: (a) from the Union Pacific Railroad underpass to Lincoln Avenue, to the south; (b) from 116th Street to 124th Street, to the west; (c) from Center Street to Burleigh Street, to the north; and (d) from 76th Street to 70th Street, to the east.

[Act 28 Section: 1919]

5. SOUTHEAST WISCONSIN FREEWAY REHABILITATION FUNDING [LFB Paper 778]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$61,100,000	-\$47,277,100	\$13,822,900

Governor: Provide \$61,100,000 in 2009-10 from federal stimulus funds for the southeast Wisconsin freeway rehabilitation program. Of this amount, the Department indicates that \$34,600,000 would be allocated to the I-94 North-South freeway reconstruction project and \$26,500,000 would be allocated to other rehabilitation projects on southeast Wisconsin freeways. The budget for the program would be reduced by \$880,100 SEG annually by a separate item that would reduce most nonfederal appropriations by 1%. The Department indicates that this reduction would be taken from base funding for rehabilitation projects other than the North-South freeway or Zoo Interchange.

The following table shows the total funding for the southeast Wisconsin freeway rehabilitation program under the bill, including \$250,250,000 in transportation fund-supported, general obligation bonds authorized for the North-South freeway. Relative to the base year, the SEG and FED changes are due to the impact of this summary item, an increase of \$8,350,000 SEG in 2010-11 for the North-South freeway project, an increase of \$3,000,000 SEG annually for the Zoo Interchange project, the 1% SEG reduction, standard budget adjustments (\$118,100 SEG annually), and a separate item that would replace \$30,000,000 of SEG funds with an equal amount of FED funds from the state highway rehabilitation program.

Fund	2008-09 Base	Governor	
		2009-10	2010-11
SEG	\$88,013,600	\$60,251,600	\$68,601,600
FED	80,091,600	110,091,600	110,091,600
FED-Stimulus	--	61,100,000	0
Appropriation Total	\$168,105,200	\$231,443,200	\$178,693,200
Authorized Bonds	\$90,200,000*	--	\$250,250,000
Total Funding Level	\$258,305,200	\$231,443,200	\$428,943,200

* The 2007-09 biennial budget act provided \$90,200,000 in bonds for the North-South freeway project, which is reflected in this table as part of the base year funding, although not all will necessarily be spent in that year.

Of this total funding level, the Department would allocate \$75,043,200 in 2009-10 and \$48,343,200 in 2010-11 for routine freeway rehabilitation projects, \$146,400,000 in 2009-10 and \$370,600,000 in 2010-11 for the North-South freeway project, and \$10,000,000 annually for the Zoo Interchange project.

A provision of 2009 Act 2 requires the Department to allocate the first \$300,000,000 in

federal stimulus funds received by the state to a list of 47 state highway projects. Of these, six are part of southeast Wisconsin freeway rehabilitation projects, with a total estimated cost of \$104.5 million (four are on the I-94 North-South freeway and two are on other freeways). Although the Department indicates that this amount will likely be obligated for contracts in 2008-09, it is not reflected in the 2008-09 appropriation base, and, therefore, is not shown in the table.

Joint Finance/Legislature: Reduce funding by \$47,277,100 FED in 2009-10 to reflect a proportionate reduction in stimulus funding among all of the state highway programs, based on the actual amount of stimulus funds remaining for allocation in 2009-10.

The following table compares the total funding for the program under the Governor's bill and under the Joint Committee on Finance substitute amendment (same as Act 28), reflecting the effect of this item, plus the effect of separate items that would reduce funding by \$304,000 SEG and \$359,400 FED annually associated with adjustments to reflect the elimination of a scheduled 2% general wage increase for state employees and a required employee furlough.

<u>Fund</u>	<u>Governor</u>		<u>Joint Finance/Legislature</u>	
	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>
SEG	\$60,251,600	\$68,601,600	\$59,947,600	\$68,297,600
FED	110,091,600	110,091,600	109,732,200	109,732,200
FED-Stimulus	61,100,000	0	13,822,900	0
Gen. Ob. Bonds (SEG)	--	<u>250,250,000</u>	--	<u>250,250,000</u>
Total	\$231,443,200	\$428,943,200	\$183,502,700	\$428,279,800

6. REALLOCATION OF FEDERAL AND STATE FUNDS BETWEEN HIGHWAY PROGRAMS

Governor/Legislature: Transfer \$30,000,000 FED annually from the state highway rehabilitation program to the southeast Wisconsin freeway rehabilitation program and make a corresponding transfer of \$30,000,000 SEG annually from the southeast Wisconsin freeway rehabilitation program to the state highway rehabilitation program. The Department indicates that the purpose of this transfer, which would have no impact on the total funding for either program, is to allow the Department to promote the participation of disadvantaged business enterprises (DBEs) in the reconstruction of the I-94 North-South freeway and the Zoo Interchange. Under federal law, states may engage in certain activities to promote the participation of DBEs on projects funded with federal funds, but may not do so on projects funded exclusively with state funds.

7. HIGHWAY PROGRAM ENGINEERING [LFB Paper 779]

	<u>Governor</u>		<u>Jt. Finance/Leg.</u>		<u>Net Change</u>	
	<u>(Chg. to Base)</u>		<u>(Chg. to Gov)</u>			
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
SEG	-\$22,439,700	0.00	\$1,681,000	13.75	-\$20,758,700	13.75
FED	0	0.00	<u>1,375,400</u>	<u>11.25</u>	<u>1,375,400</u>	<u>11.25</u>
Total	-\$22,439,700	0.00	\$3,056,400	25.00	-\$19,383,300	25.00

Governor: Reduce funding by \$11,682,400 in 2009-10 and \$10,757,300 in 2010-11 from the budget for engineering consultants in the state highway program. Of these amounts, \$7,968,200 in 2009-10 and \$7,337,200 in 2010-11 would be from the appropriation for state highway rehabilitation and \$3,714,200 in 2009-10 and \$3,420,100 in 2010-11 would be from the appropriation for major highway development. This item is part of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations).

Joint Finance/Legislature: Provide 13.75 SEG positions and 11.25 FED positions annually to expedite the highway project delivery process, from the state and federally required system planning and program processes through the project design process, including engineering, environmental, utility, and right-of-way requirements. Provide \$726,300 SEG and \$594,300 FED in 2009-10 and \$954,700 SEG and \$781,100 FED in 2010-11 for salary, fringe benefits, and support costs for these positions. Specify that the Department may submit a request to the Joint Committee on Finance to reallocate the positions and funding provided under this item among the Department's appropriations to meet the goal of increasing the amount of highway project preparation work conducted by DOT staff.

[Act 28 Section: 9150(5dd)]

8. STATE AND LOCAL PROJECT DEVELOPMENT REPORT

Joint Finance/Legislature: Require DOT, by January 1, 2010, to submit a report to the Joint Committee on Finance with: (a) an assessment of the most appropriate uses of consultants for highway project development; (b) recommendations of actions that the Department and local governments could take to improve the efficiency, cost-effectiveness, and timeliness of local road construction projects; and (c) proposed legislative changes that may help meet the goals of improving the efficiency, cost-effectiveness, and timeliness of local road construction projects.

Veto by Governor [C-12]: Delete provision.

[Act 28 Vetoed Section: 9150(4d)]

9. HIGHWAY PROJECT DESIGN INVENTORY REQUIREMENT

Joint Finance: Require DOT, by July 1, 2014, and continuously thereafter, to maintain an inventory of completed designs for highway projects, separately in the major highway development, state highway rehabilitation, and southeast Wisconsin freeway rehabilitation programs, such that the estimated costs of the inventory of projects for each program is not less than the annual amount of funding provided to each program.

Senate/Legislature: Modify provision to specify that the estimated cost of completed

designs must equal 65% of the annual funding provided in each of the three programs.

[Act 28 Section: 1918gp]

10. SHIFT RENT COSTS TO HIGHWAY PROGRAM [LFB Paper 779]

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

Governor: Reduce funding by \$3,000,000 annually in the appropriation for departmental management and operations to reflect the elimination of funding in the budget for the Division of Business Management for rental costs for facilities used by the state highway program. Most DOT facilities costs are paid centrally by the Department's Division of Business Management. This item would eliminate funding for rental costs on state highway program facilities from the Division's budget, which would have the effect of shifting that cost to the state highway program. The bill would not provide funding in the highway program for this purpose, meaning that funding for other highway program functions would have to be reduced to absorb this additional cost. This item is one of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations).

Joint Finance/Legislature: Delete provision.

11. STATE HIGHWAY MAINTENANCE LOCAL FUNDS REESTIMATE SEG-L \$2,808,000

Governor/Legislature: Increase funding by \$1,404,000 annually in the state highway maintenance program's local funds appropriation to reflect a reestimate of the amount of funding received from non-DOT sources for maintenance program services, such as payments from businesses for specific information signs, from other states for maintenance projects on cross-border bridges, and from the Department of Tourism for tourist information centers. Total funding in the SEG-L appropriation would be \$1,900,000 annually.

12. HIGHWAY PROPERTY DAMAGE CLAIMS REESTIMATE PR \$1,356,400

Governor/Legislature: Provide \$653,000 in 2009-10 and \$703,400 in 2010-11 in the Department's highway program damage claims appropriation to reestimate total expenditures. The Department uses the damage claims appropriation to fund the repair of accident-related damage to signs, lighting, guardrails, and other roadside features. Revenues typically come from insurance claims. Total funding in the appropriation would be \$2,503,000 in 2009-10 and \$2,553,400 in 2010-11.

13. STATE BOUNDARY BRIDGE PROJECTS

	Jt. Finance (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
BR	\$0	\$225,000,000	\$225,000,000

Joint Finance: Prohibit DOT from encumbering or expending any funds for a project involving the construction, reconstruction, or rehabilitation of a bridge that crosses a river forming a boundary of the state, if the contract for the project is awarded using a design-build procurement process.

Assembly: Delete provision.

Senate: Restore provision, but specify that the prohibition does not apply if Wisconsin receives federal funds that are designated by the federal government specifically for the project covering at least \$75 million of Wisconsin's share of the cost of the project.

Conference Committee/Legislature: Delete provision. Instead, specify that Wisconsin's share of costs for the design and construction of any major interstate bridge project may only be funded from newly-created SEG, SEG-L, and FED appropriations for major interstate bridge projects or from \$225,000,000 in SEG-supported, general obligation bonds authorized for such projects. Define a "major interstate bridge project" as the construction or reconstruction of a bridge on the state trunk highway system, including approaches, that crosses a river forming a boundary of the state and for which the state's estimated cost share is at least \$100,000,000. Specify that no funds may be encumbered from the \$225,000,000 in bonds unless Wisconsin receives at least \$75,000,000 in federal funds that are designated by the federal government specifically for a major interstate bridge project.

[Act 28 Sections: 295o to 295q, 305s, 647m, and 1919g]

14. HIGHWAY REST AREA MAINTENANCE

SEG	\$551,600
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Joint Finance/Legislature: Provide \$275,800 annually for the state highway maintenance and traffic operations program to increase funding for rest area maintenance. Specify that, of this amount, \$59,800 annually would be placed in unallotted reserve, subject to release if the Legislature passes 2009 AB 1 or 2009 SB 41, raising the state minimum wage. Of the amount provided, \$128,000 annually would be for machinery and equipment costs, \$88,000 annually is the amount estimated to be necessary to pay the wage costs associated with an increase in the federal minimum wage from \$6.55 per hour to \$7.25 per hour on July 24, 2009, and \$59,800 annually would be the amount associated with a proposal in AB 1 and SB 41 to establish the state minimum wage at \$7.60 per hour, which would be placed in unallotted reserve contingent on the passage of one or those bills.

15. COMMERCIAL DEVELOPMENT AT HIGHWAY REST AREAS AND WAYSIDES

Joint Finance/Legislature: Permit DOT to enter into agreements with private entities for the establishment of commercial enterprises at waysides or rest areas located along state highways other than interstate highways. Specify that such agreements may include the construction or remodeling of facilities to accommodate commercial businesses to serve travelers. Specify that any such agreement may not permit the sale of alcoholic beverages within the wayside or rest area or the replacement of any existing vending machines located within the wayside or rest area, and that the private entities with which an agreement is entered into must be chosen on the basis of competitive bidding. Require the Department to hold a public hearing for any such agreement for each affected rest area or wayside to permit public comments on the proposed agreement. Specify that the State Patrol and other law enforcement agencies shall have the same enforcement authority and responsibilities within the commercial areas of the waysides or rest areas as they do on the state trunk highway system.

Specify that the Department may enter into up to six such agreements, except that the Department may exceed that number if the Department determines, after two years from the establishment of the first commercial enterprise, that such agreements promote public safety by keeping rest areas and waysides open and well-maintained.

Specify that any lease revenues from the commercial operations at rest areas or waysides be credited to the SEG-L appropriation for state highway maintenance and traffic operations and require those moneys to be used for rest area or wayside maintenance.

Require the Department to submit a report as to the status of the agreements, including revenues generated and the use of those revenues, to the standing committees on transportation in each house of the Legislature within one year following the initial commercial operations under this program, and annually thereafter.

Veto by Governor [F-11]: Delete provision.

[Act 28 Vetoed Sections: 295s and 1919m]

16. BORROW PITS FOR STATE HIGHWAY CONSTRUCTION PROJECTS

Joint Finance/Legislature: Specify that any site used to excavate borrow (soil or a soil and gravel mixture) for use in a construction site would not be subject to local zoning ordinances provided that all of the following apply: (a) the site is located on property near the site of a state highway construction project on which the borrow will be used and the owner of the property has consented to the use of the site for the excavation of borrow; (b) the site is used for the excavation of borrow only during the course of the construction project and is not otherwise used for that purpose; (c) the owner of the site agrees to any noise abatement or landscaping measures required by the local government where the site is located during the period that the borrow site is being used; and (d) the site owner agrees to reasonably restore the site when it is no longer used for the excavation of borrow. Specify that this provision would not apply to

borrow sites opened for use after July 1, 2011. Define "borrow" for the purpose of this provision as soil or a mixture of soil and stone, gravel, or other material suitable for use in the construction of embankments or other similar earthworks constructed as part of a state highway construction project.

[Act 28 Section: 1921e]

17. USH 12 MAJOR HIGHWAY DEVELOPMENT PROJECT STUDY

Joint Finance/Legislature: Require DOT to prepare an environmental impact statement for a potential major highway development project involving USH 12 from the City of Elkhorn to the City of Whitewater. Specify that a current law provision that requires the Transportation Projects Commission to approve the preparation of an environmental assessment or environmental impact statement before DOT can begin the study does not apply to the USH 12 project study.

Veto by Governor [C-12]: Delete provision.

[Act 28 Vetoed Section: 1918i]

18. TRANSPORTATION PROJECTS COMMISSION MEETING ON STH 13 STUDY

Joint Finance/Legislature: Require DOT to present a recommendation to the Transportation Projects Commission by March 15, 2010, regarding preparation of an environmental study for a potential major highway development project involving STH 13 from the City of Marshfield to STH 29.

Veto by Governor [C-12]: Delete provision.

[Act 28 Vetoed Section: 9150(8j)]

19. USH 61 REHABILITATION PROJECT

Joint Finance/Legislature: Require DOT to complete a pavement rehabilitation project on USH 61 between Dickeyville and Lancaster in Grant County during the 2009-11 biennium.

[Act 28 Section: 9150(5i)]

20. I-90/I-94/I-39 INTERCHANGE IN DANE COUNTY

Joint Finance/Legislature: Require DOT to construct an interchange on I-90/I-94/I-39 at Cuba Valley Road in Dane County if the Federal Highway Administration approves the location of the interchange and if the Department receives a commitment from non-state sources for 100% of the cost of construction.

[Act 28 Section: 1918h]

21. WOOD COUNTY BRIDGE STUDY

Joint Finance/Legislature: Require DOT to prepare an environmental assessment, or, if necessary, an environmental impact statement, for a project involving the construction of a new bridge across the Wisconsin River, connecting Wood County Trunk Highway Z south of the City of Wisconsin Rapids to STH 54/73 in the Village of Port Edwards. Specify that the Department shall fund the study from the state highway rehabilitation program.

Veto by Governor [C-12]: Delete provision.

[Act 28 Vetoed Section: 1918j]

22. SPECIFIC INFORMATION SIGNS

Joint Finance/Legislature: Modify a current law provision that specifies that an attraction must have "regional significance" in order to qualify for the placement of a business sign under the state's specific information sign program, to specify that DOT shall consider agricultural research stations owned or managed by a university as having regional significance, regardless of the number of visitors to such stations.

[Act 28 Section: 1940m]

23. SPECIFIC INFORMATION SIGN FOR NATIONAL RAILROAD MUSEUM IN GREEN BAY

Joint Finance/Legislature: Require DOT to permit the National Railroad Museum in the City of Green Bay to place a business sign on a specific information sign, notwithstanding eligibility criteria for such signs under the "attractions" category, upon application and payment of fees ordinarily required under the specific information sign program.

[Act 28 Section: 9150(8i)]

24. TRUCK WEIGHT PROVISIONS

Joint Finance/Legislature: Eliminate the January 1, 2011, sunset date, created in 2005 Wisconsin Act 167, for the issuance of annual or consecutive month permits for the transport of raw forest products exceeding the maximum gross weight limitations by not more than 10,000 pounds. Delete a provision of 2005 Act 167 that eliminates an exception, effective January 1, 2011, from gross vehicle weight limitations for the transport of certain forest products on frozen roads, thereby allowing those forest products to continue to be transported on forest roads after that date. Require DOT and local highway authorities to make frozen road declarations on the first day that conditions warrant and specify that these declarations become effective as of 12:01 a.m. on the second day following the declaration. Specify that these provisions take effect of the first day of the second month beginning after the bill's general effective date.

[Act 28 Sections: 2992e thru 2992s, 2993g, 2993m, and 9450(14g)]

25. OVERWEIGHT TRUCK PERMITS FOR SPECIFIED PURPOSES IN RACINE AND KENOSHA COUNTIES

Joint Finance/Legislature: Allow DOT to issue annual or consecutive month permits for the transportation of loads in vehicle combinations that exceed the current law gross weight limitations for "Class A" highways (those not designated by local governments for lower weight limits) by not more than 18,000 pounds, not to exceed a maximum of 98,000 pounds, provided the vehicle combination has six or more axles, for the transportation of loads between or among any of the following: (a) a manufacturing plant located in Racine County; (b) a distribution center located in Kenosha County; (c) a warehouse located in Kenosha County; or (d) a warehouse located in Racine County. Specify that such a permit would be valid only on STH 31 and on local highways designated in the permit that provide access to STH 31, except that if STH 31 in Kenosha or Racine counties is closed, the permit would be valid on any highway providing a detour around the closed portion of STH 31. Specify that this permit would not be valid on any interstate highway or on any highway or bridge with a posted weight limit that is less than the vehicle combination's gross weight. Specify that if the routes desired to be used by the permit applicant involve highways under local jurisdiction, the Department shall submit the application to the officers in charge of maintenance of the affected local highways for their approval prior to the issuance of the permit. Specify that the Department may issue the permit notwithstanding the objections of the local officers if, after consulting with those officers, the Department determines that their objections lack merit.

Specify that, in addition to the maximum gross weight allowed for a permit under this provision, the weight imposed on the highway by the wheels of any one axle may not exceed 18,000 pounds, except that the weight imposed on the highway by the steering axle of the power unit may not exceed the greater of 13,000 pounds or the manufacturer's rated capacity, subject to the 18,000 pound per axle maximum. Specify that any axle that does not impose on the highway at least eight percent of the gross weight of the vehicle combination may not be counted as an axle for the purposes of this provision.

Specify that this provision would take effect on the first day of the fourth month beginning after the bill's general effective date.

[Act 28 Sections: 2992w, 2993c, and 9450(14f)]

26. DONALD J. SCHNEIDER HIGHWAY

Joint Finance/Legislature: Require DOT to designate and mark the route of USH 8 between USH 53 and the Village of Turtle Lake in Barron County as the "Donald J. Schneider Highway" in recognition of former Wisconsin Senate Chief Clerk Donald J. Schneider for his many years of service to the Senate and the people of Wisconsin.

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

[Act 28 Vetoed Section: 1924c]

27. EXEMPT STATE TRANSPORTATION PROJECTS FROM CONDITIONAL USE PERMIT REQUIREMENTS IN FARMLAND PRESERVATION DISTRICTS

Senate/Legislature: Specify that provisions created under the bill related to farmland preservation, including any ordinances adopted, rules promulgated, and agreements entered into under those provisions, apply to DOT only with respect to buildings, structures, and facilities to be used for administrative or operating functions, including buildings, land, and equipment to be used for the motor vehicle emission inspection and maintenance program.

[Act 28 Sections: 1918gq and 1947]

28. GRANT FOR OAK CREEK FOR DREXEL AVENUE INTERCHANGE ON I-94

Senate: Require DOT to provide a grant of \$3,750,000 from the SEG appropriation for southeast Wisconsin freeway rehabilitation to the City of Oak Creek for the City's share of the cost of the construction of an interchange on I-94 at Drexel Avenue in the City, if the Department constructs an interchange at that location.

Conference Committee/Legislature: Delete provision.

29. DANE COUNTY CTH KP REPAVING PROJECT

Senate/Legislature: Require DOT to complete a repaving project during the 2009-11 biennium on Dane County CTH KP between the Villages of Cross Plains and Mazomanie in conjunction with, but following the completion of, a highway rehabilitation project on USH 14 between Cross Plains and Mazomanie.

[Act 28 Section: 9150(12y)]

30. GULF WAR VETERANS BRIDGE

Senate: Require DOT to designate and mark the bridge on USH 41 over I-94 in Milwaukee County as the Gulf War Veterans Bridge as a living memorial to and in honor of all Wisconsin veterans, living and dead, of the Gulf War.

Conference Committee/Legislature: Delete provision.

31. DESIGN-BUILD CONTRACTING FOR HIGHWAY IMPROVEMENT PROJECTS

Governor: Define the term "design-build procurement process" as a method of contracting for a project under which the engineering, design, and construction services are provided by a single private entity or consortium that is selected as part of a single bidding process for the project. Specify that the Department may utilize a design-build procurement process for highway improvement projects if all the following apply: (a) the contract for the

project is entered into prior to the first day of the 25th month beginning after the general effective date of the budget act; (b) the Department finds that it would be more feasible and advantageous to use such a process than to use the standard bidding process; (c) the contract is awarded through a competitive selection process that utilizes, at a minimum, contractor qualifications, quality, completion time, and cost as award criteria; and (d) the contract is approved by the appropriate federal authority if, in the judgment of the DOT Secretary, such approval is necessary for purposes relating to state eligibility for federal aid. Currently, with the exception of certain contracts with counties, municipalities, railroads, and utilities, all highway improvement contracts must be based on bids, and a separate bid is used to award engineering contracts related to the same highway improvement.

Specify that to be eligible, a bidder for a design-build contract shall have prior experience in design and construction and shall be prequalified by the Department as a design consultant and as a contractor. Specify that current law provisions applying to highway improvement projects related to disadvantaged business enterprise assistance, prevailing wage and hours requirements, contract surety bonds, and liability exemption for handling petroleum contaminated soil, would also apply to design-build contracts. Specify that these provisions would first apply to contracts entered into on the general effective date of the budget act.

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

32. APPEALS IN EMINENT DOMAIN PROCEEDINGS

Governor: Make the following modifications with general applicability to the state's eminent domain law:

a. Limit the amount of attorney's fees included in the litigation expenses that are reimbursed by an acquiring authority, in cases involving the appeal of a condemnation award, to an amount equal to one-third of the difference between the amount awarded by the condemnation commission or jury verdict and the acquiring authority's rejected jurisdictional offer or highest written offer prior to the jurisdictional offer. Specify that if this amount is less than \$5,000, and the property owner shows good cause, the amount of reimbursed attorney's fees may exceed one-third of the difference, but may not exceed \$5,000. Specify that the same limits apply in cases of an appeal to circuit court of an award of a condemnation commission, except that the calculation of the limit shall be based on the difference between the court's award and the condemnation commission's award. Specify that this provision would first apply to actions brought on the general effective date of the budget act.

b. Modify a provision relating to payments for relocation expenses or other expenses incidental to the transfer of property, to specify that any appeal of a decision by an acquiring authority to deny payment of such expenses must be commenced not later than two years after the later of the following: (1) the date that the claim is disallowed by the acquiring authority; or (2) the date that a 90-day period following the filing of the claim expires, if the acquiring authority does not deny the claim within that period. Specify that this provision would first apply to the conveyance of property to an acquiring authority that is recorded on the general

effective date of the budget act.

Make the following modifications with applicability to property acquisition proceedings involving transportation projects, sanitary and storm sewers, watercourses, water transmission and distribution facilities, and gas or leachate extraction systems used to remedy environmental pollution from a solid waste disposal facility, except for certain types of projects initiated by first class cities (Milwaukee), which are governed by a separate statutory subchapter:

a. Eliminate a current law provision that gives a property owner the right to file an appeal with the county condemnation commission or circuit court over the amount of an award for property acquisition and relocation or other related expenses in cases where the property conveyance occurred as the result of a negotiated settlement. Specify that this provision would first apply to conveyances recorded with the register of deeds on the general effective date of the budget act. Property owners would retain the right to refuse a negotiated settlement and appeal the amount of a subsequent condemnation award.

b. Modify a current law provision relating to the appeal of a condemnation award (in cases not involving a negotiated settlement), to specify that only appraisals presented by the acquiring authority, or an appraisal prepared on behalf of the property owner and submitted to the acquiring authority within 60 days after the owner receives the acquiring authority's appraisal, may be used in an appeal. Specify that this provision would first apply to appraisals obtained by property owners on the general effective date of the budget act.

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

Motor Vehicles

1. CLOSE DIVISION OF MOTOR VEHICLES SERVICE CENTERS [LFB PAPER 785]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	-\$852,200	- 11.00	852,200	11.00	\$0	0.00

Governor: Delete \$254,100 in 2009-10 and \$598,100 in 2010-11 and 11.0 positions annually to reflect the closure of 40 Division of Motor Vehicles service centers. Eliminate a current law provision that requires the Department to provide examination stations for driver's license renewal in every county. This item is one of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations). The following table shows the 40 service center locations that would be closed. Of these, nine

are currently open about once every week, 10 are open two or three times per month, and 21 are open once a month or once every two months.

Abbotsford	Durand	Medford	Reedsburg
Algoma	Eagle River	Merrill	Sauk City
Amery	Ellsworth	Minocqua	Siren
Baraboo	Florence	Neillsville	Spooner
Berlin	Fort Atkinson	New Richmond	Stanley
Black River Falls	Friendship	Oconomowoc	Tomah
Chilton	Hayward	Oconto	Wautoma
Crandon	Hurley	Park Falls	Westfield
Darlington	Iron River	Phillips	Whitehall
Dodgeville	Luck	Prairie du Chien	Wittenberg

Joint Finance/Legislature: Delete provision.

2. SINGLE LICENSE PLATE [LFB Paper 786]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$795,000	\$795,000	\$0

Governor: Reduce funding by \$318,000 in 2009-10 and \$477,000 in 2010-11 to reflect statutory modifications, summarized below, that would eliminate the requirement that the Department issue two license plates for most types of vehicles. This item is part of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations).

Eliminate the requirement for the production, issuance, and display of two license plates for each automobile, motor truck, motor bus, school bus, motor home, or dual purpose motor home. Specify, instead, that the Department shall issue one plate for these vehicles. Specify that the owner of a vehicle for which two registration plates were issued before the effective date of the bill may remove and destroy one plate from the vehicle, but is not required to do so until the Department issues a new plate for the vehicle. Specify that if the owner removes and destroys one plate, the plate removed may not display a registration decal or tag and the remaining plate must comply with display requirements, which are generally that the plate must be attached on the rear of the vehicle. Specify that these provisions would first apply to license plates issued on the first day of the seventh month beginning after publication of the budget act.

Joint Finance/Legislature: Delete provision.

3. ELIMINATE LICENSE PLATE STICKERS [LFB Paper 786]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- \$532,000	\$532,000	\$0

Governor: Delete \$532,000 in 2010-11 to reflect savings associated with eliminating requirements, as summarized below, for the issuance and display of license plate stickers indicating the period of registration and expiration date, and for certain vehicles, the weight class of the vehicle, or other specific identifiers. This item is part of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations).

Eliminate the requirement that license plates display the period for which the specific plate is issued or the date of expiration of the registration, and the requirement that plates be designed to show the period for which the plate is issued and, for vehicles registered on the basis of gross weight, the weight class into which the vehicle falls (the weight class would, instead, be shown on the certificate of registration). Eliminate a specific requirement, with respect to the registration of automobiles, that the license plate display a three-letter abbreviation for the month of registration and year of registration. Eliminate a provision that permits the Department to issue a sticker as evidence of registration upon renewal in lieu of issuing a new plate, and instead specify that the Department is not required to issue a new plate upon registration renewal. Eliminate a requirement that vehicles registered specifically for use by persons issued a special restricted driver's license be issued a license plate with a tag, decal, or other identification indicating the restricted nature of the allowable operation and specify, instead, that such restrictions be indicated on the certificate of title for the vehicle.

Modify the definition of "unregistered motor vehicle" in provisions related to the removal of such vehicles by law enforcement officers to eliminate references to "valid registration plate" and "evidence of registration" and, instead, specify that an unregistered vehicle is one which does not have a registration plate for which the Department's vehicle registration records indicate valid registration. Modify various statutory provisions to eliminate references to such stickers and decals.

Specify that these provisions would take effect on the first day of the seventh month beginning after publication of the budget act and would first apply to applications for registration or registration renewal received on that day.

Joint Finance/Legislature: Delete provision.

4. LICENSE PLATE REDESIGN AND REISSUANCE REQUIREMENT

SEG	- \$150,000
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Governor/Legislature: Eliminate a current law provision that requires DOT to develop a

new license plate design and replace license plates for most types of vehicles on a ten-year schedule. Reduce funding by \$150,000 in 2010-11 to reflect the elimination of this requirement. Specify, instead, that DOT may establish a new license plate design, and replace plates of the existing design with plates of the new design, at intervals determined by the Department. The Department began replacement of red-lettered license plates in 2000, and, under current law, is required to complete that process by June 30, 2010, at which point plates of a new design would begin to be issued. Under this item, there would be no statutory requirement for license plate reissuance. The bill retains funding for license plate replacement in the first year of the biennium, which the Department indicates would be used to continue the replacement of red-lettered plates. This item is one of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations).

[Act 28 Sections: 2796 thru 2798]

5. INCREASE TITLE LIEN FEE

SEG-REV	\$4,776,000
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Governor/Legislature: Increase the fee, effective January 1, 2010, for each notating and subsequent release of a lien on a title from \$4 to \$10, and clarify that the fee is to be paid by the applicant for notation and release, rather than by the vehicle owner. Typically the applicant is the vehicle owner. Increase estimated transportation fund revenue by \$1,592,000 in 2009-10 and \$3,184,000 in 2010-11 to reflect this change.

[Act 28 Sections: 2900 and 9450(11)(b)]

6. ELIMINATE ELECTRONIC TITLE AND REGISTRATION APPLICATION FEE

SEG-REV	- \$29,700
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Governor/Legislature: Eliminate a \$5 current law fee, effective January 1, 2010, for the electronic filing by a financial institution of an application for a certificate of title or vehicle registration, or both. Reduce estimated transportation fund revenues by \$9,900 in 2009-10 and \$19,800 in 2010-11 to reflect this change. The Department indicates that the fee would be eliminated to remove the disincentive against electronically filing applications, and because other third-party application filers (such as motor vehicle dealers) are not required to pay a fee to electronically file applications.

[Act 28 Sections: 669, 1927, 2852, and 9450(11)(b)]

7. FEE FOR PAPER COPIES OF DRIVER RECORDS

SEG-REV	\$130,100
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Governor/Legislature: Establish a \$2 fee for providing a paper copy of a driver record upon request, in addition to the fee for the record search (\$5 for a computerized request and \$6 for a telephone request). Specify that DOT may not charge a fee

for a driver record search to any governmental unit, for records requested electronically or by telephone. Define a governmental unit as the following: (a) the United States; (b) the state; (c) any county, city, village, or town; (d) any political subdivision, department, division, board, or agency of the United States, the state, or any county, city, village, or town; or (e) any federally recognized American Indian tribe or band in this state or an agency of the tribe or band. Specify that these provisions would first apply to searches and paper copies requested on January 1, 2010. Increase estimated transportation fund revenue by \$43,400 in 2009-10 and \$86,700 in 2010-11. The Department does not currently charge the search fee for requests made by governmental units, although under this item a governmental unit would have to pay the \$5 request fee and \$2 paper copy fee for requests not made electronically or by telephone.

[Act 28 Sections: 2926 thru 2929, 9350(8), and 9450(12)]

8. DIVISION OF MOTOR VEHICLES ELECTRONIC DOCUMENT IMAGING SYSTEM

SEG	\$400,000
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Governor/Legislature: Provide \$400,000 in 2010-11 for the initial costs associated with the replacement of the Division of Motor Vehicles' electronic document imaging and electronic workflow management system. The funds would be used purchase new high-speed document scanners to replace existing equipment, as well as other costs associated with developing a new workflow management system. The Department indicates that, in subsequent years, additional funding would be required to purchase software to complete the imaging system. The new document imaging system would replace the existing system, which was purchased in 1991.

9. COMMERCIAL DRIVER'S LICENSE COMPLIANCE MEASURES

SEG	\$220,000
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Governor/Legislature: Provide \$110,000 annually for data processing necessary to implement various changes to the state's commercial driver's licensing laws to comply with federal requirements for commercial driver's licenses. Some of the changes require statutory modifications, as summarized below. Of the funding provided by the bill, \$75,000 annually would be used to supplement a federal grant for data processing associated with the administrative and statutory changes, while \$35,000 annually would be associated with annual licensing fees for a national electronic system for tracking conviction and other driver record data. Failure to comply with federal commercial motor vehicle standards could result in the loss of federal highway aid and motor carrier safety aid.

Modify provisions that require a period of disqualification, of varying lengths, from operating a commercial motor vehicle upon a conviction of certain traffic violations for offenses committed in any vehicle after September 30, 2005, to specify that the disqualification only applies if the violation occurred while the person was operating a commercial motor vehicle, or if the person operating the vehicle has ever held a commercial driver's license, has ever operated a commercial motor vehicle on a highway, or has ever been convicted of a violation related to, or been disqualified from, operating a commercial motor vehicle. Specify, however, that a one-year disqualification applies to a person who is convicted of causing a fatality

through negligent or criminal operation of any vehicle, regardless of whether the event occurred before or after September 30, 2005.

Modify a list of violations or occurrences for which a one-year disqualification is required to include the receipt of an administrative suspension for having a prohibited alcohol concentration or violating the law of another jurisdiction prohibiting positive results from chemical testing. Specify that any period of disqualification for an implied consent refusal or an administrative suspension for a having a prohibited alcohol concentration shall be reduced by any period of suspension, revocation, or disqualification previously served for an offense if the offense arose out of the same incident or occurrence giving rise to the disqualification and if the offense relates to intoxicated driving.

Specify that a person is disqualified from operating a commercial motor vehicle for a period of 60 days if the person's operator's license is cancelled by DOT because of various fraudulent actions related to obtaining a license or endorsement.

Increase from one year to two years the period of disqualification for a second violation of an out-of-service order within a ten-year period. Specify that violations of an out-of-service order in another jurisdiction shall count as prior offenses. Modify the definition of out-of-service order to clarify that it applies to the operation of a commercial motor vehicle by an operator who holds a commercial driver's license or is required to hold a commercial driver's license to operate the commercial motor vehicle. Specify that the prohibition against operating a commercial motor vehicle while ordered out-of-service includes out-of-service orders issued by another jurisdiction. Convert a violation of an out-of-service order from a criminal to a civil offense, with a forfeiture of \$2,500 for a first offense and \$5,000 for a second or subsequent offense committed within ten years, instead of, under current law, a fine between \$1,100 and \$2,750 and imprisonment for up to one year in the county jail, or both.

Modify a provision that requires a period of disqualification for certain railroad crossing violations depending upon the number of prior offenses, to clarify that offenses committed in other jurisdictions shall be counted as prior offenses.

Require the Department to disqualify a person who holds a Wisconsin commercial driver's license from operating a commercial motor vehicle if the Department receives notice from another jurisdiction that the person has failed to appear to contest a citation issued in that jurisdiction, or failed to pay a judgment entered against the person in that jurisdiction. Specify that the period of disqualification shall be until the Department receives notice from the other jurisdiction that the person has complied, except that the disqualification may not be less than 30 days nor more than two years. Require the Department to keep a record of such a disqualification for at least three years.

Specify that, notwithstanding current law provisions related to commercial driver's license disqualification, the Department may not disqualify a person from operating a commercial motor vehicle for a conviction in another jurisdiction for an offense that, if committed in Wisconsin, would result in a one-year disqualification, if all of the following are

true: (a) the person is not a Wisconsin resident and does not hold a commercial driver's license issued by the state; (b) the other jurisdiction disqualified the person from operating a commercial motor vehicle; and (c) the period of disqualification in that jurisdiction has expired.

Modify a provision that requires DOT to notify the driver licensing agency of another jurisdiction when a holder of a license, other than a commercial driver's license, issued by that jurisdiction, is convicted of operating a commercial motor vehicle in Wisconsin without a commercial driver's license, to specify that such notification must be made when the person is convicted of any traffic violation in a commercial motor vehicle.

Modify provisions related to the renewal of a hazardous materials endorsement to specify that the Department must mail a notice to the holder of such an endorsement at least 60 days prior to its expiration date, instead of 180 days under current law, of the requirements related to renewal. Modify a provision that requires the notice to indicate that the endorsement holder may commence the required federal security threat assessment screening at any time, but no later than 90 days prior to expiration, to instead specify no later than 30 days prior to expiration.

Modify a provision requiring the Department to purge from the driver records an administrative suspension upon receipt of a report from a court indicating that the action has been dismissed or the person has been found innocent of the charge arising from the incident for which the suspension was executed, to specify that if the administrative suspension is for a person who holds a commercial driver's license, the record of the suspension may be purged only upon receipt of a court order.

Increase the minimum and maximum fines from \$2,500 to \$10,000, under current law, to \$2,750 to \$25,000, for a violation of a current law provision that prohibits an employer from knowingly allowing, permitting, or authorizing an employee to operate a commercial motor vehicle if the employee does not have a commercial driver's license, or his or her license is otherwise suspended, revoked, disqualified, or ordered out-of-service.

Replace the term "Federal Highway Administration" with the term "applicable federal agency" in a provision related to audits of third-party testers for commercial driver's license to reflect the fact that the federal Motor Carrier Administration, instead of the Federal Highway Administration, is now responsible for commercial motor vehicle issues. Make other minor changes to statutory language to match federal law.

Specify that these provisions would take effect on the first day of the seventh month beginning after publication of the budget act and that modifications to traffic violations first apply to offenses committed on that date, but do not preclude the counting of other offenses as prior violations.

[Act 28 Sections: 2916, 2918, 2921, 2923 thru 2925, 2930 thru 2949, 2953, 2955, 2956, 9350(1), and 9450(1)]

10. IDENTIFICATION CARD REPLACEMENT FOR DRIVER'S LICENSES

SEG-REV	- \$178,500
SEG	\$47,200

Governor/Legislature: Provide \$47,200 in 2009-10 for data processing necessary to implement a provision that would require the Department to issue identification cards at no charge in certain circumstances, as summarized below. Reduce estimated transportation fund revenues by \$71,400 in 2009-10 and \$107,100 in 2010-11 to reflect this change.

Prohibit DOT from charging an identification fee or a federal security verification mandate fee (renamed "issuance fee" under a separate item in the bill) to an applicant for the initial issuance of an identification card if any of the following apply: (a) the Department has canceled the applicant's valid driver's license after a medical review examination (designed to determine if a medical condition or other reason renders the person incapable of safely operating a vehicle), and, at the time of cancellation, there is at least six months remaining before the expiration date for the canceled license; or (b) the Department has accepted the applicant's voluntary surrender of a valid driver's license for medical reasons, and, at the time of surrender, there is at least six months remaining before the expiration date for the surrendered license.

Delete a current law provision that allows a person who fails an eyesight examination prior to the expiration of his or her license to retain the license and use it for identification purposes only. Under this provision, if the person's license was cancelled as the result of a medical review occurring at least six months prior to license expiration, then he or she would be issued an identification card under the provision described in the previous paragraph.

Specify that these provisions would first apply to licenses cancelled or surrendered on the first day of the fourth month beginning after the publication of the budget act.

[Act 28 Sections: 2950 thru 2952, 2957, thru 2959, 2961, 9350(2), and 9450(2)]

11. ELECTRONIC APPLICATION FOR DUPLICATE DRIVER'S LICENSES AND IDENTIFICATION CARDS; AUTHORITY TO CHARGE CONVENIENCE FEES FOR ELECTRONIC PAYMENTS

	Funding	Positions
SEG-REV	\$310,200	
SEG	\$56,100	- 7.50

Governor/Legislature: Provide \$306,000 in 2009-10 and delete \$249,900 and 7.5 positions in 2010-11 related to an initiative to develop an on-line system for reporting address changes to the Department and an associated on-line application system for duplicate driver's licenses and identification cards. Under current law, a person who holds a driver's license or identification card is required to report to the Department any change of address, and may, but is not required to, apply for a duplicate license or card showing the new address. The fee for a duplicate driver's license is \$14, and for an identification card it is \$16, including the state's federal security verification mandate fee (changed to "issuance fee" under the bill). This item would create a web-based system for reporting address changes and would allow persons who

report an address change to apply for a duplicate license or card on the Department's website. Duplicate licenses and cards would be produced using the applicant's on-file photograph and would be delivered by mail. The funding provided in the first year would be used to develop the web-based system, while the funding reduction in the second year would be the net effect of the ongoing costs associated with maintaining the system and producing duplicate licenses and the savings associated with a reduced workload for manual address changes and duplicate license transactions. The Department estimates additional transportation fund revenue of \$310,200 in 2010-11 associated with an increased volume of duplicate license applications. In order to allow on-line applications for duplicate licenses and cards, the bill would broaden the Department's authority, as summarized below, to charge convenience fees to cover credit card transaction charges.

Consolidate current law provisions relating to credit card payments and internet and telephone transactions for various Division of Motor Vehicles fees into a single provision covering all such transactions. Specify that this provision covers debit card and other electronic payment mechanisms, in addition to credit card transactions. Specify that the Department may charge a convenience fee for each transaction involving the payment by credit card, debit card, or other electronic payment mechanism. Require the Department to establish the amount of the convenience fee for the use of credit card, debit card, or other electronic payment mechanisms by rule. Specify that the amount of the convenience fee must approximate the cost to the Department for providing these payment options, but specify that the Department may charge a fee of \$2.50 for each transaction until a rule is promulgated. Delete a current law appropriation for the collection of convenience fee revenue and for the payment of credit card charges to reflect that such charges and payments would be consolidated in a different, existing PR appropriation for that purpose. Require DOT to make payments from this appropriation to DOA or to any person designated by the DOA Secretary from this appropriation if DOA assesses any charges related to electronic payment transactions, to reflect that DOA is the agency responsible for contracting with credit card companies.

Under current law, the Department may permit the payment of fees by credit card, but is only authorized to charge a convenience fee for vehicle registration renewals and certain oversized/overweight permits. This item is part of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations). The estimated net effect on the transportation fund from the appropriation changes and revenue increase under this item is \$254,100.

[Act 28 Sections: 296, 307, 670, 671, 1933, 2851, and 2993]

12. ELECTRONIC RECORDING AND RELEASE OF LIENS

	Funding	Positions
SEG	-\$245,700	- 6.80

Governor/Legislature: Provide \$39,000 in 2009-10 to implement provisions allowing for the electronic recording and release of liens on motor vehicle titles, as summarized below, and delete \$284,700 and 6.8

positions in 2010-11 to reflect the net effect of savings associated with the elimination of the issuance of paper titles upon the perfection and release of security interests on vehicle titles and the ongoing costs of administering the electronic lien process. This item is part of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations).

Specify that a security interest in a vehicle must be perfected and released utilizing an electronic process prescribed by the Department by administrative rule, if the secured party is not an individual or is not otherwise exempted from using the electronic process by rule. Specify that the electronic process for perfecting a security interest shall involve the filing of a security interest statement containing the name and address of the secured party, and that the applicant shall pay the required fee (a separate item in the bill would increase the lien fee from \$4 to \$10). Require the Department to promulgate rules to implement and administer the electronic process provisions. Permit the Department to exempt, by rule, a person or type or transaction from the electronic filing requirements, but specify that an exempted person must pay the prescribed fees for perfecting and releasing a security interest.

Specify that a secured party, upon receiving a certificate of title from the owner prior to the perfection of the security interest, shall destroy the title, instead of, under current law, mailing the certificate to the Department.

Require a secured party, upon release of the security interest, to notify the vehicle owner that the release has been provided to the Department. Specify that, after receiving such notice, the vehicle owner may, in the form and manner prescribed by the Department and without additional fee, deliver an application and existing title to the Department, and require the Department to issue a new certificate of title free of the security interest notation.

Specify that these provisions would take effect on July 1, 2010.

[Act 28 Sections: 2906 thru 2913, and 9450(11)(a)]

13. ELECTRONIC CERTIFICATE OF TITLE

SEG	- \$187,000
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Governor/Legislature: Reduce funding by \$62,300 in 2009-10 and \$124,700 in 2010-11 to reflect savings associated with an initiative to eliminate the issuance of paper vehicle titles for leased vehicles. Instead of paper titles, a record of the title would be maintained in an electronic format by the Department, which the bill would authorize through the statutory modifications summarized below. This item is one of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations).

Specify that DOT may maintain any certificate of title, or other information required to be maintained by the Department related to vehicle titles, in an automated format and may consider any record maintained in an automated format to be the original and controlling

record, notwithstanding the existence of any printed version of the same record. Specify that records maintained under this provision are the official title records. Specify that the term "automated format," with respect to any document, record, or other information, includes that document, record, or other information generated or maintained in an electronic or digital form or medium. Specify that these provisions would take effect on the first day of the fourth month beginning after publication of the budget act.

[Act 28 Sections: 2896, 2898, and 9450(10)]

14. MILWAUKEE BREWERS LICENSE PLATE

Governor/Legislature: Require the Department to issue special group license plates to persons interested in expressing their support of a major league baseball team that uses as its home field baseball park facilities that are constructed under current law provisions for a professional baseball park district (the Milwaukee Brewers).

Specify that applicants for the new plate shall pay an issuance fee of \$15 and an annual fee of \$25 (or \$50 for biennial registrations) in addition to the required vehicle registration fee. Specify that all moneys generated by the annual fee in excess of \$24,300 for the initial costs of production of the plate would be deposited into the general fund and credited, as follows: (a) in a new PR appropriation in DOT, an amount equal to 2% of the proceeds for the costs of licensing fees relating to the word or words or the symbol on, or otherwise required for, the plate; and (b) in the current law PR appropriation for collecting professional baseball park district taxes, the remainder after the deduction for licensing fees. Require the Department to identify and record the percentage of moneys that are attributable to each professional baseball team represented by a plate created under these provisions. Specify that any moneys credited to the professional baseball park district appropriation may only be used to retire the district's debt.

Require the Department to make available two designs for the Brewers plates, but prohibit DOT from specifying any design for the plates unless the design is approved by the executive vice president of the Milwaukee Brewers Baseball Club. Specify that DOT may not issue plates under these provisions until six months after receiving any approval necessary for the use of any logo, trademark, trade name, or other commercial symbol designating the baseball team.

Exempt the plate from a provision that prohibits the creation of new special group plates after October 1, 1998, except by an administrative process for creating new plates upon application by a group.

Require the executive vice president of the Milwaukee Brewers Baseball Club to consult with DOT, no later than the first day of the third month after the budget's general effective date, to: (a) specify an initial design for the two plate designs; and (b) facilitate, if necessary, the Department's obtaining of the approval for the use of a word or words, or symbols, on the plate.

[Act 28 Sections: 298, 304, 630, 675, 1857, 1857d, 2810, 2816, 2817, 2819, 2822, 2823, 2826,

15. ENDANGERED RESOURCES LICENSE PLATE [LFB Paper 560]

Governor: Require the Department to issue a special license plate to persons interested in supporting endangered resources, in addition to the existing endangered resources plate, provided that DOT purchases the plates from the State of Minnesota. Specify that the word or symbol used to identify the plate shall be different from the word or symbol used on the existing plate and shall cover the entire plate. Specify that current law procurement procedures and requirements do not apply to the procurement of these plates from the State of Minnesota.

Specify that applicants for the new plate, like holders of the existing endangered resources plate, shall pay an issuance fee of \$15 and an annual fee of \$25 (or \$50 for biennial registrations) in addition to the required vehicle registration fee. Specify that the annual fee would be deductible as a charitable contribution for purposes of the individual income tax. Specify that all moneys received in excess of \$23,500 from the annual fee would be deposited in the conservation fund and credited to the Department of Natural Resources endangered resources appropriation. Exempt the plate from a provision that prohibits the creation of new special group plates after October 1, 1998, except by an administrative process for creating new plates upon application by a group.

Specify that these provisions would take effect on the first day of the seventh month beginning after publication of the budget act.

The administration indicates that the plates would use a different type of production process than the one used for Wisconsin's current plates, which can produce a full plate design at a lower cost. The plates would be purchased from Minnesota because that state's plate production facilities, unlike Wisconsin's, have the capability to use this process.

Joint Finance/Legislature: Specify that if the Wisconsin Department of Corrections has flat-plate technology available for use in manufacturing license plates that would produce the plates at comparable quality and costs, DOT shall purchase the new plates from the Wisconsin Department of Corrections.

[Act 28 Sections: 266, 668, 674, 2811, 2815, 2818, 2820, 2821, 2824, and 9450(4)]

16. RENAME FEDERAL SECURITY VERIFICATION MANDATE FEE

Governor/Legislature: Change the name of the current law \$10 federal security verification mandate fee levied upon issuance of driver's licenses and identification cards to "license issuance" fee or "card issuance" fee, respectively. The federal security verification mandate fee was created by 2007 Act 20, effective January 1, 2008. The fee was intended to generate revenue to support the implementation and ongoing administration of the federal Real ID Act. The Department of Administration indicates that the Governor's intent is to not move

forward with Real ID Act implementation, but that the fee would be maintained to support the increased costs associated with maintaining a secure license issuance system and anti-counterfeiting measures. The fee generates an estimated \$13.8 million annually.

[Act 28 Sections: 2922 and 2960]

17. ELIMINATE CRIMINAL PENALTIES FOR CERTAIN OPERATING AFTER REVOCATION OFFENSES [LFB Paper 616]

Governor/Legislature: Modify the penalty provision for operating a motor vehicle with a revoked license to specify that a person who has been convicted of such an offense and has a prior offense within a five-year period would be subject to a forfeiture of \$2,500, instead of, under current law, a fine of \$2,500 and a jail term of up to one year. This change would not apply if the revocation was the result of a conviction on an operating while intoxicated or related offense. Specify that this provision would first apply to violations that occur on the general effective date of the budget act. Under current law, a person who commits such an offense and does not have a prior offense within five years is already subject to a forfeiture, but not a fine or jail term, while a person who commits such an offense within five years of a prior offense and whose license was revoked for a drunk driving-related offense is subject to a fine and jail term. A separate item, summarized under the Office of State Public Defender, would reduce funding for the Office to reflect an anticipated reduction in the criminal caseload as the result of this provision.

[Act 28 Sections: 2954 and 9350(3)]

18. DRIVER CARD FOR APPLICANTS WITHOUT PROOF OF LEGAL PRESENCE

	Jt. Finance (Chg. to Gov) Funding Positions		Legislature (Chg. to JFC) Funding Positions		Net Change Funding Positions	
SEG-REV	\$3,753,600	0.00	-\$3,753,600	0.00	\$0	0.00
SEG	\$2,656,100	23.10	-\$2,656,100	-23.10	\$0	0.00

Joint Finance: Require DOT to issue a limited purpose driver's license ("driver card") that provides the holder full authority to operate a "Class D" vehicle (automobile or light truck) to an applicant who is unable to meet current law requirements with respect to proving legal presence in the United States, provided that all of the following apply: (a) the applicant's driving privilege is not suspended or revoked in Wisconsin or in any other jurisdiction; (b) the applicant successfully passes driving skills, knowledge, and eyesight examinations, and meets current minimum age qualifications for obtaining a driver's license; (c) the applicant provides proof that he or she has been a resident of Wisconsin for at least six months; (d) the applicant provides proof of identity; (e) the applicant is not eligible to receive a Social Security Number; (f) the applicant provides a valid Individual Taxpayer Identification Number issued by the federal Internal Revenue Service; and (g) the applicant pays the required license fees, which

would be the same as for a probationary or regular "Class D" license, as applicable. Specify that prerequisites for the issuance of a "Class D" license apply to the issuance of a driver card, except for provisions related to providing a social security number, providing documentary proof that the applicant is a citizen or is legally present in the United States, and, for male applicants who are at least 18 years of age but less than 26 years of age, requirements related to registration with the Selective Service System. Specify that a driver card may only be used for the operation of a "Class D" vehicle and may not be endorsed for the operation of other vehicles.

Require the Department to issue a limited purpose instructional permit for a "Class D" vehicle to any applicant who pays the applicable fee (the same as regular "Class D" instructional permit) and who meets the above qualifications for a driver card, but for lack of training in the operation of a "Class D" vehicle.

Specify that document storage and verification requirements applying to regular driver's licenses under current law do not apply to a driver card or associated instructional permit, but require DOT to promulgate an administrative rule specifying the standards for the issuance of driver cards and associated instructional permits, including standards for proof of residency and proof of identification. Specify that the rules must include a list of moving violations that, if committed by a driver card applicant in the six-month period prior to the date that the application for a driver card is submitted, would preclude the issuance of a driver card to the applicant (this provision is the same as for a "Class D" license applicant).

Specify that the expiration period for an original driver card would be two years from the applicant's last birthday and two years from the license expiration date for each subsequent renewal. Specify that the current law fees for probationary and regular driver's licenses and instructional permits apply to driver cards and associated instructional permits, without proration based upon the valid period of the driver card.

Require driver cards and associated instructional permits to: (a) clearly state, on their face in bold lettering, as well as in the card's machine readable zone, that they may not be accepted by any federal agency for federal identification or other official purpose; and (b) have a unique design or color indicator that clearly distinguishes them from other driver's licenses or identification cards issued by the state and that alerts federal agency and other law enforcement personnel that they may not be accepted for federal identification or any other official purpose.

Specify that no law enforcement officer, state agent, or local authority may use the driver card or associated instructional permit as a basis to inquire about the immigration status of an individual who lawfully presents the card for its intended purpose. Specify that no insurer may cancel or refuse to issue or renew an automobile insurance policy because the policy holder holds a driver card issued under these provisions.

Specify that these provisions take effect on the first day of the sixth month beginning after the bill's general effective date.

Provide \$1,757,300 SEG in 2009-10 and \$898,800 SEG in 2010-11 and 23.1 SEG positions annually in the Division of Motor Vehicles for costs related to the implementation of these

provisions. Of the 23.1 positions, 8.5 would be permanent positions while 14.6 would be project positions, expiring on January 1, 2011. Increase estimated transportation fund revenues by \$1,776,800 in 2009-10 and \$1,976,800 in 2010-11 to reflect collection of driver card and associated instructional permit fees, as well as driving skills test fees from new applicants. The revenue estimates are based on the Department's projection that approximately 60,000 people would apply for a driver's card in the biennium.

Senate/Legislature: Delete provision.

19. OPTIONAL THREE-YEAR REGISTRATION FOR FLEETS

Joint Finance: Require DOT to allow owners of vehicle fleets to apply to register at least 50 vehicles, including currently-registered or currently-unregistered vehicles, for a three-year period, with the same expiration date for all vehicles. Specify that the per-vehicle registration fee shall be three times the current annual registration fee, plus any applicable local option registration fee. Specify that if a vehicle that is being initially registered as part of a vehicle fleet has more than one month remaining in its current registration period, the Department shall prorate the fee to account for the unexpired portion of the vehicle's current registration period. Specify that refunds of the state registration fee may be provided for any unused portion of a registration for a vehicle registered under these provisions that is taken out of use or sold during the three-year registration period, based on the number of calendar quarters remaining in the registration period, if at least one year remains before the expiration. Specify that the Department may require the owner of a fleet of vehicles to pay additional registration fees if the state registration fee is increased during the three-year registration period and, at the time the increase takes effect, at least one year remains before the expiration of the registration period for the fleet. Specify that any additional payment for each vehicle must be based on the amount of the increase times the number of full years remaining until expiration. Specify that these provisions would apply to automobiles, light trucks, and commercial motor vehicles engaged solely in intrastate commerce and with a maximum gross weight of less than 55,000 pounds. Require the Department to promulgate rules establishing the procedures for three-year registration of fleets, including any restrictions that the Department determines are appropriate, and any special provisions deemed necessary for vehicles registered in counties where vehicle emissions testing is required. Specify that these provision would take effect on July 1, 2010.

Specify that DOT may submit a request to the Joint Committee on Finance under s. 13.10 of the statutes for an appropriation supplement for the data processing costs associated with implementing these provisions. Require that any such request shall include a description of the provisions that the Department proposes to include in the required draft administrative rules, and an estimate of the amount of additional transportation fund revenues that would be generated in 2010-11 as the result of these provisions. Specify that the Committee may provide an appropriation supplement for the Division of Motor Vehicles for the purpose of implementing these provisions, without finding that an emergency exists.

Senate: Reduce the minimum fleet size to participate from 50 vehicles to 10 vehicles.

Conference Committee/Legislature: Delete the statutory minimum fleet size and, instead, require DOT to prescribe a minimum fleet size by administrative rule.

[Act 28 Sections: 669d, 1927d, 2874t, 9150(9u), and 9450(14v)]

20. CONTRACTING WITH LAW ENFORCEMENT FOR DRIVER'S LICENSING TESTS

Joint Finance/Legislature: Permit DOT to contract with any law enforcement agency, other than a local law enforcement agency of a municipality in which a DMV service center is located, to administer knowledge, driving skills, and eyesight tests for authorization to operate "Class D" vehicles (non-commercial passenger vehicles). Specify that any such contract shall contain the following provisions: (a) all tests conducted by the law enforcement agencies shall be the same as those given by the Department; (b) the Department or its representative may conduct random examinations, inspections, and audits of the law enforcement agency without any prior notice; (c) the Department may conduct an on-site inspection of the law enforcement agency to determine compliance with the contract and with Department and federal standards for testing applicants for driver's licenses to operate "Class D" vehicles, and may also evaluate testing given by the law enforcement agency by one of the following means: (i) DOT employees may take the tests actually administered by the law enforcement agency as if the DOT employees were applicants; or (ii) the Department may retest a sample of drivers who were tested by the law enforcement agency to compare the pass and fail results; (d) examiners of the law enforcement agency shall meet the same qualifications and training standards as the Department's license examiners to the extent established by the Department as necessary to satisfactorily perform the knowledge, driving skills, and eyesight tests required to operate "Class D" vehicles; and (e) the Department shall take prompt and appropriate remedial action against the law enforcement agency in the event that the agency fails to comply with Department or federal standards for testing for driver's licenses to operate "Class D" vehicles or with any provision of the contract, including immediate termination of testing by the law enforcement agency.

[Act 28 Sections: 2216e, 2916b, 2917g, 2917r, 2918m, 2962g, and 2962r]

21. LIMITATION ON DRIVER'S LICENSE SUSPENSION FOR FAILURE TO PAY A TRAFFIC JUDGMENT

Joint Finance: Reduce the maximum period of driver's license suspension from two years, under current law, to 90 days, that may be ordered by a circuit court or a municipal court for the failure to pay any restitution, forfeiture, and associated court assessments and costs resulting from a traffic conviction, or by a municipal court for the failure to appear at a hearing in response to a summons for the failure to pay a traffic offense judgment, the failure to comply with a community service work order, or for the finding at such a hearing that the failure to pay the judgment or to comply with a work order is not for good cause. Specify that any license suspension ordered under these provisions shall be ordered no fewer than 90 days following the judgment. Specify that these provisions would first apply to traffic violations committed on

the bill's general effective date, but this would not preclude the counting of other violations as prior violations.

Assembly/Legislature: Delete provision.

22. MANDATORY AUTO INSURANCE

Senate/Legislature: Specify that no person, with certain exceptions outlined below, may operate a motor vehicle upon a highway in this state unless the owner or operator of the vehicle has in effect a motor vehicle liability policy for the vehicle. Specify that this requirement does not apply if the vehicle is being operated with the consent of the owner and any of the following apply: (a) the owner or operator of the motor vehicle has in effect a surety bond with respect to the vehicle that meets current law requirements under the state's law for filing proof of financial responsibility for the future and the bond has been filed with DOT; (b) the owner or operator has made a deposit of cash or securities with the Department meeting current law requirements for filing proof of financial responsibility for the future; (c) the motor vehicle is owned by a self-insurer holding a valid certificate of self-insurance meeting current law requirements for self-insurance; (d) the motor vehicle is operated by a common or contract motor carrier, or is a school bus, a leased or rented vehicle, or human service vehicle, all of which are subject to current law insurance or financial responsibility requirements; or (e) the motor vehicle is owned by or leased to the United States, this or another state, or any county or municipality of this or another state. Specify that any person who violates the mandatory insurance requirement may be required to forfeit not more than \$500. Define "motor vehicle liability policy" to mean a policy to which all of the following apply: (a) the policy is issued by an insurer authorized to do a motor vehicle liability business in the state, or, if the policy covers a vehicle that was not registered in the state at the time of the policy's effective date, in another state in which the vehicle was registered or the owner or operator resided at that time; (b) the policy is to or for the benefit of the person named in the policy as the insured; and (c) the policy meets minimum coverage and other requirements under the state's financial responsibility law. Define "motor vehicle," for the purposes of this provision, as a self-propelled vehicle, excluding farm tractors, well drillers, road machinery, snowmobiles, and all-terrain vehicles.

Specify that no person, with the exceptions outlined above, may operate a motor vehicle in this state unless the person, while operating the vehicle, has in his or her immediate possession proof that he or she is in compliance with motor vehicle insurance requirements. Specify that the operator of a motor vehicle would be required to display the proof of insurance upon demand from any traffic officer. Specify that any person who violates this requirement may be required to forfeit \$10, but specify that such a violation would not subject to current law assessments, penalties, and surcharges that are levied for other traffic violations. Specify that a person cannot be convicted of this offense if the person provides proof that he or she was in compliance with the mandatory insurance provisions at the time the citation was issued. This proof could be provided either in the office of the traffic officer who issued the citation or at the person's court appearance.

Specify that no person may do any of the following for purposes of creating the appearance of satisfying the motor vehicle insurance requirements: (a) forge, falsify, counterfeit, or fraudulently alter any proof of insurance, policy of insurance, or other insurance document, or possess any forged, falsified, fictitious, counterfeit, or fraudulently altered proof of insurance, policy of insurance or other insurance document; or (b) represent that any proof of insurance, policy of insurance, or other insurance document is valid and in effect, knowing or having reason to believe that the proof of insurance, policy of insurance, or other insurance document is not valid or not in effect. Specify that any person who violates this prohibition may be required to forfeit not more than \$5,000.

Specify that a traffic officer may not stop or inspect a vehicle solely to determine compliance with motor vehicle insurance requirements, but that this does not limit the authority of a traffic officer to issue a citation for an insurance violation that is observed in the course of a stop or inspection made for other purposes. Specify that a traffic officer may not take a person into physical custody solely for a violation of insurance requirements.

Specify that any deposit received by DOT (in lieu of having a motor vehicle insurance policy) must be maintained in an interest-bearing trust account (separate from the transportation fund), held for the benefit of the depositors and potential claimants against the deposit, and shall be applied only to the payment of judgments and assignments relating to motor vehicle accidents. Require DOT, upon request, to consent to the immediate cancellation of any bond filed with the Department or to return any deposit of money or securities (in lieu of insurance), if any of the following apply: (a) the owner or operator of a motor vehicle provides satisfactory proof that the owner or operator has a motor vehicle insurance policy or provides proof that the insurance requirements do not apply to the vehicle; (b) the person on whose behalf the bond was filed or deposit made has died, has become permanently incapacitated to operate a motor vehicle, or no longer maintains a valid driver's license; or (c) the person on whose behalf the bond was filed or deposit made no longer owns any motor vehicle registered by the Department. Specify that DOT may not consent to the cancellation of any bond or the return of a deposit if any action for damages upon the bond or deposit is then pending or any judgment against the person is then unsatisfied. Specify that if a judgment is in excess of the minimum motor vehicle insurance policy requirements, the judgment is considered satisfied if payments have been made in the amounts equaling the minimum coverage requirements. Specify that an affidavit of the applicant for cancellation of a bond or return of a deposit that he or she satisfies these requirements is sufficient for the Department to consent to the cancellation or return, in the absence of evidence in DOT's records contradicting the affidavit.

Specify that current law operator's license and vehicle registration suspension provisions for violations under the state's safety responsibility law do not apply if the operator or owner of the motor vehicle was in compliance with the motor vehicle insurance or financial responsibility law requirements at the time of the accident, but specify that any person who fails to comply with insurance requirements is subject to current law safety responsibility law procedures and requirements.

Require DOT to include with each operator's license a notification of the motor vehicle insurance requirements and associated penalties for violations.

Specify that these provisions take effect on the first day of the twelfth month beginning after the bill's general effective date.

Require DOT to promulgate rules, and prescribe any necessary forms, to implement and administer these mandatory insurance requirements. Require DOT to submit the rules in proposed form to the Legislative Council staff no later than the first day of the ninth month beginning after the general effective date of the bill. Require DOT to promulgate emergency rules no later than that date, which would remain in effect until July 1, 2012, or the date on which the permanent rules take effect, whichever is sooner.

[Act 28 Sections: 675m, 2446m, 2740y, 2963t, 2964e, 2967r, 3203m, 3233c thru 3233r, 3239m, 3240m, 9150(11v), and 9450(15v)]

State Patrol

1. STATE PATROL FUNDING REDUCTIONS

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Legislature</u> <u>(Chg. to JFC)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
SEG	-\$2,884,900	- 6.00	\$0	6.00	\$248,400	0.00	-\$2,636,500	0.00

Governor: Reduce funding by \$1,743,800 in 2009-10 and \$1,141,100 in 2010-11 and delete 6.0 positions in 2010-11 for the Division of State Patrol to reflect savings or funding reductions associated with several initiatives. These amounts are the sum of the following reductions: (a) \$778,000 annually in fleet costs savings associated with going to a four-day work week of 10-hour days for troopers and inspectors; (b) \$530,500 in 2009-10 in training costs associated with eliminating the annual recruit class in 2010; (c) \$200,000 in 2009-10 to reflect a reduction in the amount of squad car equipment replaced in that year; (d) \$85,300 in 2009-10 and \$163,100 in 2010-11 to reflect savings in facilities costs associated with closing State Patrol posts in Spooner in 2009-10 and in Tomah in 2010-11; (e) \$200,000 and 6.0 positions in 2010-11 to reflect the net savings associated with closing the Division's radio and equipment shop and, instead, contracting for these services; and (f) \$150,000 in 2009-10 to reflect a reduction in Bureau of Communications equipment purchases. These items are part of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations).

Joint Finance: Provide 6.0 SEG positions in 2010-11 to restore funding associated with the State Patrol's radio and equipment shop. Prohibit DOT from contracting for services related to the installation and maintenance of communications and law enforcement equipment on State Patrol vehicles.

Assembly/Legislature: Provide \$85,300 in 2009-10 and \$163,100 in 2010-11 to restore funding associated with the State Patrol posts in Spooner and Tomah. Require DOT, during the 2009-11 biennium, to consult with DNR concerning the shared use of administrative facilities used by the State Patrol and the Department of Natural Resources in or near the City of Tomah.

Veto by Governor [F-12]: Delete the Joint Finance provision prohibiting the Department from contracting for certain services on State Patrol vehicles.

[Act 28 Section: 9150(11u)]

[Act 28 Vetoed Section: 2216b]

2. STATE PATROL FLEET

SEG	\$1,412,400
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Governor/Legislature: Provide \$640,700 in 2009-10 and \$771,700 in 2010-11 for State Patrol fleet costs. These amounts would increase the total State Patrol fleet budget to \$5,751,400 in 2009-10 and \$5,882,400 in 2010-11. Total fleet expenditures are estimates of the number of miles driven in each vehicle class, multiplied by the fleet rates for each class. Fleet rates are established by the Department's fleet service center and are based on various factors, including fuel prices, the purchase cost of vehicles, and other costs related to maintaining the vehicle fleet.

3. BASE STATION COMMUNICATION EQUIPMENT REPLACEMENT

SEG	\$618,900
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Governor/Legislature: Provide \$206,300 in 2009-10 and \$412,600 in 2010-11 for payments on a seven-year master lease for the purchase of narrow-band, digital base station communications equipment at State Patrol towers and dispatch centers. The base stations, which relay radio signals from dispatch centers to mobile radios used by State Patrol personnel, would replace existing analog equipment. Under the bill, funding would be provided for one semi-annual payment in 2009-10 and two payments in 2010-11, on a seven-year master lease with a total purchase cost of \$2,330,460. A total of 100 base stations would be purchased for towers and dispatch centers. Narrow-band digital equipment is needed to comply with Federal Communications Commission (FCC) mandates that take effect in 2013. The 2007-09 budget provided funding for the purchase of digital mobile radios in the first phase of the Department's efforts to comply with the FCC mandate.

4. CHARGES FOR CRASH RECONSTRUCTION SERVICES [LFB Paper 790]

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

Governor: Specify that the State Patrol may charge a law enforcement agency for all

services provided by the State Patrol in connection with the investigation or reconstruction of a traffic accident for which that law enforcement agency is the lead agency. Require the Department to credit the amounts collected for these services in a new SEG appropriation for all monies received for traffic accident investigations and reconstructions. Provide \$1,000,000 annually in this appropriation to estimate the amount collected under this provision and reduce the State Patrol's principal SEG appropriation by a corresponding amount, so that there would be no net change in the total SEG appropriated for these purposes. Increase estimated transportation fund revenue by \$1,000,000 annually to reflect amounts collected for traffic accident investigations and reconstructions. This item is part of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations). In this case, the SEG reduction to the State Patrol's appropriation is replaced with the appropriation of new transportation fund revenues generated by charges for services.

Joint Finance/Legislature: Delete provision.

5. STATE PATROL FEES FOR VEHICLE INSPECTION SERVICES [LFB Paper 791]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$1,715,200	-\$1,715,200	\$0

Governor: Require the Department, by administrative rule, to specify a fee to be charged by the Department for an inspection of a school bus prior to the sale by the owner to another person, and for the inspection of an ambulance, prior to registration or registration renewal. Such inspections are required under current law, but are conducted by the State Patrol at no charge. Require the Department to credit revenues generated by these fees to new SEG appropriations created for the cost of school bus and ambulance inspection, respectively. Remove a reference to ambulance inspection costs from the Department's existing PR appropriation for public safety radio management. Specify that the creation of the appropriations and the requirement to establish these fees by rule take effect on the first day of the fourth month beginning after publication of the budget act.

Increase transportation fund revenues by \$773,400 annually to reflect estimated fees collected for school bus inspections and by \$84,200 annually to reflect estimated fees collected for ambulance inspections. Provide \$773,400 SEG annually in the new appropriation for school bus inspections and \$84,200 SEG annually in the new appropriation for ambulance inspections to reflect estimated fees deposited in these appropriations. Decrease the State Patrol's principal SEG appropriation by \$857,600 annually, so that there would be no net change in the total SEG appropriated for these purposes.

Require the Department to submit draft rules to the Legislative Council for both vehicle inspection fees no later than the first day of the fourth month beginning after the effective date

of the budget act. Require the Department, by the first day of the fourth month beginning after publication of the budget act, to promulgate emergency rules establishing the fees for the period prior to when the permanent rules take effect. Specify that the emergency rules may remain in effect until the permanent rules take effect, or July 1, 2011, whichever is sooner. Specify that the Department is not required to provide a finding of emergency or evidence that promulgating these emergency rules is necessary for the preservation of the public peace, health, safety, or welfare.

This item is part of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations). In this case, the SEG reductions to the State Patrol's appropriation are replaced with the appropriation of new transportation fund revenues generated by inspection fees.

Joint Finance/Legislature: Delete provision.

6. REALLOCATE TRAFFIC OPERATIONS CENTER POSITION

Governor/Legislature: Transfer \$119,300 SEG and 1.0 SEG position from the Department's appropriation for administration and planning to the appropriation for the Division of State Patrol to reflect a reallocation of the funding responsibility for a position in the Department's state traffic operations center. The center manages traffic cameras, freeway ramp meters, and other technologies to monitor traffic and respond to traffic incidents. The transferred position coordinates communication between state and local law enforcement agencies and highway authorities.

7. PRIMARY ENFORCEMENT OF SEAT BELT LAWS [LFB Paper 792]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	\$15,237,200	\$15,237,200

Governor: Delete a provision that prohibits law enforcement officers from making a traffic stop for the sole purpose of determining compliance with seat belt laws. Increase the forfeiture for a violation of driver or passenger seat belt requirements, from \$10 to \$25. Specify that these provisions take effect on the day after publication of the budget act and that the increased forfeiture first applies to offenses committed on that date. Under current law, law enforcement officers are prohibited from making a traffic stop for the sole purpose of enforcing seat belt laws, and, therefore, can only issue a citation for a seat belt law violation if the traffic stop was made for other purposes. This item would allow for primary enforcement of seat belt laws, meaning that law enforcement officers could stop a vehicle solely for the failure to comply with seat belt laws.

Under federal law, states that adopt primary enforcement of seat belt laws are eligible for

a one-time incentive grant. Under the formula for the program, Wisconsin would receive approximately \$15.1 million, plus an additional amount that could be as high as \$3.0 million, depending upon how many other states have a primary enforcement law. At least \$1.0 million of this grant must be used for "behavioral" safety programs, such as education and enforcement initiatives, but the remainder may be spent either on behavioral safety or safety-related transportation infrastructure projects, such as intersection improvements, pavement or shoulder widening, and enhanced pavement marking. To be eligible for the grant, the law would have to pass prior to July 1, 2009. The bill does not assume any funding received under this federal provision.

Joint Finance: Delete the proposed increase in the forfeiture for a seat belt violation from \$10 to \$25, but specify that the forfeiture for seat belt violations would be mandatory, rather than at the discretion of the courts (the mandatory forfeiture is required in order to make the state eligible for the federal grant). Provide \$1,000,000 in 2009-10 for transportation safety and \$14,237,200 in 2009-10 for state highway rehabilitation to allocate anticipated federal funding. Require the Department to allocate any additional federal incentive grant funding received by the state to safety-related infrastructure projects in the state highway rehabilitation program.

Senate/Legislature: Specify that these provisions do not apply if the date after publication of the budget act is not on or before June 30, 2009. [The publication date of Act 28 was June 29, 2009, so the seat belt law changes took effect on June 30.]

[Act 28 Sections: 2991, 2992, 9150(5c)&(14q), 9350(4), and 9450(6),(6q)&(7q)]

8. PHOTO ENFORCEMENT OF TRAFFIC LIGHT AND WORK ZONE SPEED VIOLATIONS

Governor: Specify that the Department and any local authority may use traffic control photographic systems on highways under their jurisdiction for the purpose of detecting traffic light violations (failure to stop for a red light). Define "traffic control photographic system" as an electronic system consisting of a photographic, video, or electronic camera and a vehicle sensor installed for use with an official traffic control signal to automatically produce photographs or video or digital images, stamped with the time and date, of vehicles moving through an intersection

Specify that any state or local law enforcement agency with jurisdiction over traffic violations may use photo radar speed detection to determine compliance with any speed restriction established in a highway work zone, notwithstanding a current law prohibition against using photo radar speed detection in enforcement. Photo radar speed detection means the detection of a vehicle's speed by use of a radar device combined with photographic identification of the vehicle.

Specify that the owner (this would include a lessee) of a vehicle involved in either a traffic signal violation, detected using a traffic control photographic system, or exceeding speed limits in a work zone, detected using photo radar speed detection, would be liable for the violation.

Specify that if a traffic officer prepares a citation for either violation, the officer shall serve the owner of the vehicle with the citation by certified mail addressed to the owner's last-known address within 72 hours after the violation, and shall include in the mailing a duplicate of each photograph, video, or digital image of the vehicle involved in the violation.

Specify that it would not be a defense to either violation that the owner was not operating the vehicle at the time of the violation, except for the following circumstances: (a) the owner made a report to a law enforcement agency before the violation occurred or within a reasonable time after the violation occurred that the vehicle was stolen; (b) the owner of the vehicle provided a traffic officer with the name and address of the person who was operating the vehicle at the time of the violation and that person admits to operating the vehicle at the time of the violation; (c) the vehicle is owned by a lessor of vehicles, is registered in the name of the lessor, and at the time of the violation, the vehicle was in the possession of the lessee, and the lessor provided a traffic officer with information regarding the vehicle and lessee; or (d) the vehicle is owned by a dealer or certain other persons engaged in the sale of vehicles (not including an individual engaged in a person-to-person sale), and the vehicle, at the time of the violation, was being operated by a person on a trial run, and that the dealer or other seller provided a traffic officer with the name, address, and driver's license number of the person operating the vehicle. Specify that in cases involving "(b)" to "(d)" above, the operator of the vehicle, instead of the owner, may be charged with the violation.

Specify that a person convicted of a citation issued under these provisions would be subject to the same forfeitures as under the current law violations, and a prior violation of either a traffic signal violation or speeding in a work zone under current law provisions may be counted as a prior violation for the purposes of determining the penalty for a violation under the new provisions. Specify, however, that a violation under these provisions could not result in the suspension or revocation of the person's driver's license, nor could it result in demerit points being recorded on the person's driving record.

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

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget for: (a) turnover reduction (-\$3,919,400 SEG and -\$48,900 FED annually); (b) removal of noncontinuing elements (-\$281,500 SEG annually and -\$108,800 FED and -1.00 FED position in 2010-11); (c) full funding of continuing position salaries and fringe benefits (\$6,122,700 SEG, \$557,800 FED, -\$600 SEG-S, and -\$132,400 PR annually); (d) overtime (\$2,835,800 SEG, \$69,700

	Funding	Positions
SEG	\$11,538,000	0.00
FED	1,059,200	- 1.00
SEG-S	28,400	0.00
PR	<u>77,600</u>	<u>0.00</u>
Total	\$12,703,200	- 1.00

FED, \$14,500 SEG-S, and \$171,200 PR annually); (e) night and weekend salary differentials (\$263,900 SEG, \$5,400 FED, and \$300 SEG-S annually); and (f) full funding of lease costs and directed moves (\$747,500 SEG annually).

2. ACROSS-THE-BOARD 1% REDUCTIONS [LFB Paper 795]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$20,383,000	\$266,800	-\$20,116,200
SEG-S	- 4,114,200	646,200	- 3,468,000
SEG-L	- 2,133,800	2,061,200	- 72,600
PR	- 53,400	25,200	- 28,200
Total	-\$26,684,400	\$2,999,400	-\$23,685,000

Governor: Delete \$10,191,500 SEG, \$2,057,100 SEG-S, \$1,066,900 SEG-L, and \$26,700 PR annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
SEG	Transportation employment and mobility	\$336,000	-\$3,400
SEG	Elderly and disabled capital aids	921,900	-9,200
SEG	Connecting highway aids	12,851,900	-128,500
SEG	Lift bridge aids	2,294,400	-22,900
SEG	County forest road aids	303,300	-3,000
SEG	Expressway policing aids	1,090,800	-10,900
SEG	Rail service assistance	818,600	-8,200*
SEG	Harbor assistance	616,500	-6,200
SEG	Rail passenger service	1,304,600	-13,000*
SEG	Aeronautics assistance	13,345,100	-133,400
SEG	Aviation career education	\$159,000	-\$1,600*
SEG	Local bridge improvement assistance	8,545,000	-85,600*
SEG	Local roads improvement program	17,255,700	-172,600
SEG	Local roads improvement--discretionary	7,282,800	-72,800
SEG	Railroad crossing protection maintenance	2,250,000	-22,500
SEG	Railroad crossing protection installation	1,700,000	-17,000
SEG	Railroad crossing repair assistance	250,000	-2,500
SEG	Transportation economic assistance	3,625,000	-36,300
SEG	Transportation infrastructure loans	5,000	-100
SEG	Major highway development	76,435,500	-764,400
SEG	State highway rehabilitation	344,787,600	-3,447,900
SEG	Southeast Wisconsin freeway rehabilitation	88,013,600	-880,100*
SEG	State highway maintenance	207,732,500	-2,077,300*
SEG	State-owned lift bridge operations	2,232,400	-22,300
SEG	Administration and planning	18,169,100	-181,700
SEG	Departmental management and operations	63,850,500	-638,500
SEG	Demand management	363,800	-3,600*
SEG	Division of Motor Vehicles	74,633,800	-746,300*
SEG	Division of State Patrol	61,882,500	-618,800
SEG	Transportation safety	1,529,300	-15,300*
SEG	Emission inspection and maintenance	3,780,000	-37,800

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
SEG	Pretrial intoxicated driver intervention	\$779,400	-\$7,800
SEG-S	Major highway development	167,395,600	-1,674,000
SEG-S	Capital building projects	6,000,000	-60,000
SEG-S	Data processing services	15,006,500	-150,100
SEG-S	Fleet operations	12,103,500	-121,000*
SEG-S	Other department services, operations	5,202,300	-52,000
SEG-L	Transit and other transportation-related aids	110,000	-1,100
SEG-L	Elderly and disabled aids	605,500	-6,100
SEG-L	Rail service assistance	500,000	-5,000
SEG-L	Freight rail assistance loan repayments	4,000,000	-40,000
SEG-L	Aeronautics assistance	42,000,000	-420,000
SEG-L	Local bridge improvement assistance	8,780,400	-87,800
SEG-L	Local facility improvement assistance	38,895,500	-389,000
SEG-L	Transportation economic assistance	3,625,000	-36,300
SEG-L	Congestion mitigation	3,124,700	-31,200
SEG-L	Transportation enhancements	1,682,600	-16,800
SEG-L	Bicycle and pedestrian facilities	680,000	-6,800
SEG-L	Safe routes to school	323,000	-3,200
SEG-L	State highway rehabilitation	2,000,000	-20,000
SEG-L	Departmental management and operations	369,000	-3,600
PR	Breath screening instruments	299,200	-3,000
PR	State Patrol escort and security	166,500	-1,700
PR	Traffic academy tuition payments	474,800	-4,700
PR	Chemical testing training and services	1,412,600	-14,100*
PR	Public safety radio management--service funds	292,700	-2,900
PR	Public safety radio management--state funds	22,000	-300

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Provide \$133,400 SEG annually for aeronautics assistance in the Bureau of Aeronautics in order to comply with maintenance of effort requirements under the federal American Recovery and Reinvestment Act of 2009 (the economic stimulus act). Restore base level funding for "all moneys received" appropriations (those for which authorization is given to expend any amount received from the specified sources), as follows: (a) a total increase of \$323,100 SEG-S annually, for data processing services, fleet operations, and other department services appropriations; (b) a total increase of \$1,030,600 SEG-L annually for all affected SEG-L appropriations, except the appropriation for the transportation economic assistance program; and (c) a total increase of \$12,600 PR annually for all affected PR appropriations, except the appropriation for chemical testing training and services.

3. AGENCY 5.135% BUDGET REDUCTIONS

SEG	- \$49,744,600
PR	- 145,000
Total	- \$49,889,600

Joint Finance/Legislature: Delete \$24,944,800 annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. The reductions include \$24,872,300 SEG and \$72,500 PR. Annual reduction amounts would be as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
SEG	Connecting highway aids	\$12,851,900	-\$659,900
SEG	Lift bridge aids	2,294,400	-117,800
SEG	County forest road aids	303,300	-15,600
SEG	Expressway policing aids	1,090,800	-56,000
SEG	Rail service assistance	818,600	-42,000
SEG	Harbor assistance	616,500	-31,700
SEG	Rail passenger service	1,304,600	-67,000
SEG	Local roads improvement program	17,255,700	-886,100
SEG	Local roads improvement--discretionary	7,282,800	-374,000
SEG	Railroad crossing protection maintenance	2,250,000	-115,500
SEG	Railroad crossing protection installation	1,700,000	-87,300
SEG	Railroad crossing repair assistance	250,000	-12,800
SEG	Transportation economic assistance	3,625,000	-186,100
SEG	Transportation infrastructure loans	5,000	-300
SEG	State highway maintenance	207,732,500	-10,667,100
SEG	Administration and planning	18,169,100	-933,000
SEG	Departmental management and operations	63,850,500	-3,278,700
SEG	Demand management	363,800	-18,700
SEG	Division of Motor Vehicles	74,633,800	-3,832,400
SEG	Division of State Patrol	61,882,500	-3,177,700
SEG	Transportation safety	1,529,300	-78,500
SEG	Emission inspection and maintenance	3,780,000	-194,100
SEG	Pretrial intoxicated driver intervention	779,400	-40,000
PR	Chemical testing training and services	1,412,600	-72,500

Modify the statutory distribution of grants under the discretionary grant component of the local roads improvement program, as follows: (a) distribute \$5,127,000 in 2009-10 and annually thereafter for county highway projects; (b) distribute \$976,500 in 2009-10 and annually thereafter for municipal street projects; and (c) distribute \$732,500 in 2009-10 and annually thereafter for town road projects. These amounts reflect the 1% reductions in the Governor's bill, plus the additional 5.135% reduction under Joint Finance.

[Act 28 Sections: 1944 thru 1946]

4. DEPARTMENTWIDE ADMINISTRATIVE FUNDING REDUCTIONS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$5,962,600	\$296,200	-\$5,666,400

Governor: Reduce funding in six administrative appropriations in DOT by a total of \$3,457,000 in 2009-10 and \$2,505,600 in 2010-11 for various internal administrative functions, including information technology initiatives and equipment, LTE salaries, training, miscellaneous supplies and services, travel, planning studies, and overtime pay. These items are part of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations). The following table shows the spending reductions summarized in this item, by appropriation. Several of these

appropriations are also subject to other reductions associated with specific service reductions that are summarized separately, and all are also subject to the 1% reductions, neither of which are reflected in this table.

<u>Appropriation</u>	<u>2009-10</u>	<u>2010-11</u>
Departmental Management & Operations	-\$1,898,700	-\$1,098,700
Administration & Planning	-970,100	-970,100
Division of Motor Vehicles	-410,800	-259,400
Division of State Patrol	-27,100	-27,100
Bureau of Aeronautics	-148,100	-148,100
Rails & Harbors Administration	<u>-2,200</u>	<u>-2,200</u>
Total	-\$3,457,000	-\$2,505,600

Joint Finance/Legislature: Restore \$148,100 annually for aeronautics assistance in the Bureau of Aeronautics in order to comply with maintenance of effort requirements under the federal American Recovery and Reinvestment Act of 2009 (the economic stimulus act).

5. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$4,137,200 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The annual reductions include \$3,086,900 SEG, \$1,027,000 FED, \$14,800 PR, and \$8,500 SEG-S.

SEG	- \$6,173,800
FED	- 2,054,000
PR	- 29,600
SEG-S	<u>- 17,000</u>
Total	- \$8,274,400

6. STATE EMPLOYEE FURLOUGH

Joint Finance/Legislature: Delete \$6,340,500 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The annual reductions include \$4,731,000 SEG, \$1,574,000 FED, \$22,600 PR, and \$12,900 SEG-S.

SEG	- \$9,462,000
FED	- 3,148,000
PR	- 45,200
SEG-S	<u>- 25,800</u>
Total	- \$12,681,000

7. DRIVER EDUCATION GRANT PROGRAM [LFB Paper 796]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$7,920,000	- \$7,920,000	\$0

Governor: Provide \$3,960,000 annually in a new, annual appropriation for providing grants for driver education courses. Require DOT to develop and administer a program to provide grants to those offering courses in driver education, for purposes of supplementing the cost of providing those courses to low-income individuals. Require the Department to promulgate rules to implement and administer the program, including rules establishing criteria and standards for grant eligibility of the course providers and of the low-income

individual beneficiaries, as well as criteria and standards for evaluating and ranking grant applications and for determining the amount of the grants awarded.

Joint Finance/Legislature: Delete provision, but direct the Department of Public Instruction to include a proposal for a driver education grant program in the Department's 2011-13 budget request, along with proposed administrative rules for the program.

[Act 28 Section: 9139(5x)]

8. CENTRALIZE DOT RISK MANAGEMENT FUNCTIONS IN DOA

	Funding	Positions
SEG	- \$306,000	- 2.00

Governor/Legislature: Reduce funding by \$153,000 annually and delete 2.0 positions annually to reflect the elimination of positions, and associated funding, responsible for processing worker's compensation claims involving DOT employees. The responsibility for processing these claims would be transferred to the Department of Administration's Bureau of Risk Management, but no additional positions or funding would be provided in DOA for this purpose.

9. REDUCE LOCAL PLANNING ASSISTANCE

SEG	- \$85,000
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Governor/Legislature: Reduce funding by \$42,500 annually for transportation planning assistance provided by the Department for local metropolitan planning organizations and regional planning commissions, a reduction of 9% of the state funds provided for transportation planning. This item is one of a package of spending reductions in the bill intended to generate savings in DOT totaling \$22,190,500 in 2009-10 and \$21,838,300 in 2010-11 (not including additional amounts from a 1% reduction to most nonfederal appropriations). The departmental management and operations appropriation, from which state planning assistance is paid, would also be subject to a 1% reduction under the bill. If the Department chooses to allocate this reduction uniformly across all functions funded in the appropriation, state funded planning assistance would decrease by an additional 1%, for a total reduction of 10%.

10. CHIEF LEGAL ADVISOR [LFB Paper 115]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$357,000	1.00	-\$357,000	- 1.00	\$0	0.00

Governor: Provide \$178,500 and 1.0 attorney position annually in the Department's Office of General Counsel. Specify that the DOT Secretary may appoint a chief legal advisor from the unclassified service.

Joint Finance/Legislature: Delete provision.

11. PAYMENTS FOR STATE LEGAL SERVICES [LFB Paper 115]

	Positions
SEG	- 1.00

Governor: Delete 1.0 SEG attorney position. Transfer \$70,500 SEG from salary and fringe benefits to supplies and services for services of a newly created Division of Legal Services at the Department of Administration. The deleted position is currently vacant. Specify that the Division of Legal Services may provide legal services to state agencies and is required to assess agencies for services. Specify that "state agencies" includes an office, commission, department, independent agency, or board in the executive branch, including the Building Commission, but excluding the Departments of Justice and Public Instruction. [See "Administration -- Transfers to the Department."]

Joint Finance: Specify that DOA may only provide legal services, and charge for those services, for agencies in which the Governor appoints the Secretary (cabinet agencies).

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

[Act 28 Sections: 31, 48, 88, and 560]

12. FACILITIES RENT CENTRALIZATION

Governor/Legislature: Transfer a total of \$235,000 SEG annually from the appropriations for state highway maintenance and traffic operations, administration and planning, and the Division of Motor Vehicles to the appropriation for the Division of Business Management to reflect a centralization of certain facilities rent costs in that division. Of the transferred amounts, \$111,000 annually would be from state highway maintenance and traffic operations, \$85,400 annually would be from administration and planning, and \$38,600 annually would be from the Division of Motor Vehicles.

UNIVERSITY OF WISCONSIN HOSPITALS AND CLINICS BOARD

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled Amount	Percent
PR	\$310,584,800	\$307,479,000	\$307,479,000	\$307,479,000	\$307,479,000	- \$3,105,800	- 1.0%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
PR	2,639.11	2,639.11	2,639.11	2,639.11	2,639.11	0.00

Budget Change Item

1. ACROSS-THE-BOARD 1% REDUCTION

PR	- \$3,105,800
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Governor/Legislature: Delete \$1,552,900 annually from the appropriation for the University of Wisconsin Hospital and Clinics Board (UWHCB). This appropriation is an all moneys received appropriation, which means that UWHCB may expend all funds credited to the appropriation regardless of the amount shown in the schedule.

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over <u>Base Year Doubled</u>	
						Amount	Percent
GPR	\$2,298,738,400	\$2,346,763,200	\$2,273,309,900	\$2,273,309,900	\$2,273,309,900	-\$25,428,500	- 1.1%
FED	2,223,390,000	2,223,390,000	2,197,782,700	2,197,782,700	2,197,782,700	- 25,607,300	- 1.2
PR	4,855,948,800	4,978,578,900	4,909,515,300	4,909,515,300	4,909,515,300	53,566,500	1.1
SEG	<u>57,368,200</u>	<u>65,953,300</u>	<u>66,471,400</u>	<u>67,091,400</u>	<u>67,091,400</u>	<u>9,723,200</u>	16.9
TOTAL	\$9,435,445,400	\$9,614,685,400	\$9,447,079,300	\$9,447,699,300	\$9,447,699,300	\$12,253,900	0.1%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	18,454.93	18,454.93	18,454.93	18,454.93	18,454.93	0.00
FED	5,223.18	5,223.18	5,223.18	5,223.18	5,223.18	0.00
PR	8,478.69	8,478.69	8,478.69	8,478.69	8,478.69	0.00
SEG	<u>125.90</u>	<u>125.90</u>	<u>125.90</u>	<u>125.90</u>	<u>125.90</u>	<u>0.00</u>
TOTAL	32,282.70	32,282.70	32,282.70	32,282.70	32,282.70	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$75,441,200
PR	<u>31,261,200</u>
Total	\$106,702,400

Governor/Legislature: Adjust the base budget by \$37,718,300 GPR and \$15,630,600 PR in 2009-10 and \$37,722,900 GPR and \$15,630,600 PR in 2010-11 for: (a) 11 months of funding of the June, 2009, 2% pay plan adjustment for unclassified, classified, and graduate assistants (\$17,168,800 GPR and \$7,206,900 PR annually); (b) full funding of classified pay plan provisions beyond general wage adjustments (\$5,221,000 GPR and \$1,799,300 PR annually); (c) full funding of 2006-07 and 2007-08 craftworker pay plan increases (\$272,200 GPR and \$93,900 PR annually); (d) full funding of fringe benefits (\$13,151,200 GPR and \$6,022,100 PR annually); (e) full funding of Smith-Lever cooperative extension pay plan for 2007-08 and 2008-09 (\$264,200 GPR annually); (f) full funding for discretionary compensation adjustments and performance recognition awards paid in 2006-07 and 2007-08 (\$1,475,200 GPR and \$508,400 PR annually); and (g) full funding of known rent increases for UW System Administration, UW-Extension, and the State Lab of

Hygiene (\$165,700 GPR in 2009-10 and \$170,300 GPR in 2010-11).

2. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$35,957,200 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$13,537,700 GPR, \$5,272,500 FED, \$17,138,800 PR, and \$8,200 SEG annually.

GPR	- \$27,075,400
FED	- 10,545,000
PR	- 34,277,600
SEG	- 16,400
Total	- \$71,914,400

3. STATE EMPLOYEE FURLOUGH

Joint Finance/Legislature: Delete \$53,658,700 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$20,202,000 GPR, \$7,868,200 FED, \$25,576,400 PR, and \$12,100 SEG annually.

GPR	- \$40,404,000
FED	- 15,736,400
PR	- 51,152,800
SEG	- 24,200
Total	- \$107,317,400

4. FACULTY AND ACADEMIC STAFF FURLOUGHS

Joint Finance/Legislature: Modify current law to permit the Governor to require each member of the UW System faculty and academic staff to take up to eight days or their equivalent of unpaid leave during each of 2009-10 and 2010-11.

[Act 28 Section: 9154(3r)]

5. BASE BUDGET REDUCTION [LFB Paper 805]

GPR	- \$100,000,000
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Governor: Delete \$65,000,000 in 2009-10 and \$35,000,000 in 2010-11 from the UW System's general program operations appropriation. Adjusted base level funding for this appropriation is \$813,604,700.

Joint Finance/Legislature: Increase funding for the UW System's general program operations appropriation by \$15,500,000 in 2009-10 and reduce funding for that appropriation by \$15,500,000 in 2010-11. This funding transfer would be made to comply with federal restoration funding calculations for the use of stabilization moneys under ARRA. Specify that in preparing its agency budget request for the 2011-13 biennial budget, the UW System should use an amount \$15,500,000 more than the amount in the appropriation schedule for 2010-11 for this appropriation.

[Act 28 Section: 9154(3f)]

6. **ACROSS-THE-BOARD 1% REDUCTIONS** [LFB Papers 174 and 805]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$20,061,600	\$0	- \$20,061,600
PR	- 26,445,400	10,099,200	- 16,346,200
SEG	- 573,600	557,200	- 16,400
Total	- \$47,080,600	\$10,656,400	- \$36,424,200

Governor: Delete \$10,030,800 GPR, \$13,222,700 PR, and \$286,800 SEG annually as part of an across-the-board 1% reduction of most non-federal appropriations. These reductions are shown by appropriation below.

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$813,604,700	-\$8,136,000
GPR	Fuel and Utilities	131,626,200	-1,316,300
GPR	Family medicine and practice	10,094,400	-100,900
GPR	General program operations -- system administration	9,610,700	-96,100*
GPR	State lab of hygiene	9,408,000	-94,100*
GPR	Educational technology	6,700,800	-67,000*
GPR	Services received from the Authority	4,737,400	-47,400*
GPR	Veterinary diagnostic lab	4,743,800	-47,400*
GPR	Laboratories	3,907,000	-39,100
GPR	Industrial and economic development research	1,823,700	-18,200*
GPR	Schools of business	1,749,600	-17,500*
GPR	Student aid	1,347,400	-13,500
GPR	Area health centers	1,156,600	-11,600*
GPR	Grants for study abroad	1,000,000	-10,000
GPR	Distinguished professorships	898,200	-9,000*
GPR	Extension outreach	375,200	-3,800*
GPR	Extension local planning program	93,600	-900*
GPR	Alcohol and other drug abuse prevention and intervention	76,500	-800*
GPR	Wisconsin humanities council	72,600	-700
GPR	Fee remissions	30,000	-300
GPR	Farm safety program grants	19,400	-200
PR	Auxiliary operations	533,659,300	-5,336,600*
PR	Gift funds	494,450,400	-4,944,500*
PR	General operations receipts	210,354,300	-2,103,500
PR	Services provided to Authority	36,000,000	-360,000
PR	State lab of hygiene	22,557,000	-225,600
PR	Stores	4,562,200	-45,600
PR	Laboratories	4,405,400	-44,100
PR	Veterinary diagnostic lab fees	3,988,800	-39,900
PR	Gifts; student loans	3,797,700	-38,000
PR	Physical plant service departments	2,992,600	-29,900
PR	State laboratory of hygiene, drivers	1,684,900	-16,800
PR	Distinguished professorships	948,800	-9,500
PR	Veterinary diagnostic laboratory; state agencies	853,400	-8,500
PR	School of business	608,000	-6,100
PR	Aquaculture demonstration facility; operational costs	408,600	-4,100
PR	Funds transferred from other state agencies	250,000	-2,500
PR	License plate scholarship	201,500	-2,000
PR	Center for urban land economics research	190,200	-1,900
PR	General operations receipts	174,200	-1,700
PR	Extension outreach	141,300	-1,400
PR	Great Lakes studies	48,800	-500

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
SEG	Trust fund income	\$26,276,400	-\$262,800*
SEG	Telecommunications services	1,054,800	-10,500
SEG	Environmental education; forestry	400,000	-4,000
SEG	Extension recycling education	361,000	-3,600
SEG	Discovery farms grants	251,400	-2,500
SEG	Solid waste research and experiments	157,400	-1,600
SEG	Grants for forestry programs	133,100	-1,300
SEG	Environmental education; environmental assessments	50,000	-500

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Restore reductions to gifts and grants appropriations and other PR and SEG appropriations from which the Department of Administration had indicated no funds would be transferred to the general fund under the lapse and transfer requirements under the bill (\$5,049,600 PR and \$278,600 SEG annually). The appropriations that would be restored are shown in the following table.

1% Reductions Restored by Joint Finance/Legislature

	<u>Base</u>	<u>Annual Amount Restored</u>
PR Gifts and donations	\$494,450,400	\$4,944,500
PR Gifts; students loans	3,797,700	38,000
PR Distinguished professorships	948,800	9,500
PR License plate scholarship programs	201,500	2,000
PR Great Lakes studies	48,800	500
PR Physician and dentist and health care provider loan assistance programs; repay and contract	488,700	4,900
PR Laboratories (tuition)	4,405,400	44,100
PR Schools of business (tuition)	608,000	6,100
SEG Telecommunications services	\$1,054,800	\$10,500
SEG Grants for forestry programs	133,100	1,300
SEG Environmental education; forestry	400,000	4,000
SEG Trust fund income	26,276,400	262,800

Note: Certain 1% reductions made to appropriations for UW-Madison intercollegiate athletics were also restored. These modifications are reflected in the summary entry of UW-Madison intercollegiate athletics.

7. FINANCIAL AID FUNDING FOR TUITION INCREASE GRANTS [LFB Paper 470]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$12,000,000	-\$5,600,000	\$6,400,000
PR	0	6,000,000	6,000,000
Total	\$12,000,000	\$400,000	\$12,400,000

Governor: Provide \$6,000,000 annually and authorize the Board of Regents to make grants to resident undergraduate students who do not receive Wisconsin higher education grants. Specify that the amount of these grants would be determined by the Board of Regents and would have to correspond to any increase or any portion of an increase in resident undergraduate tuition. Prohibit the Board of Regents from making a grant to a student whose

name appears on the statewide support lien docket unless the student provides a payment agreement that has been approved by the county child support agency.

Joint Finance/Legislature: Delete \$6,000,000 GPR in 2009-10 and provide \$400,000 GPR in 2010-11. Create a PR appropriation under the UW System for these grants and transfer \$6,000,000 from the UW System's auxiliary enterprises appropriation in 2009-10 to this new appropriation. Set this appropriation at \$4,100,000 PR in 2009-10 and \$1,900,000 PR in 2010-11. Total program funding would be \$4,100,000 in 2009-10 and \$8,300,000 in 2010-11, which would be consistent with estimates of program costs in those years.

In addition, modify AB 75 as follows: (a) limit the amount of tuition increase grant awards to the amount of unmet need of the recipient; (b) specify that only students who have family incomes of less than \$60,000 and who have unmet need would be eligible for tuition increase grants; and (c) specify that beginning in 2011-12 and thereafter only students who attended the UW System in 2010-11 and who maintain continuous enrollment would be eligible for grants.

[Act 28 Sections: 261m and 740]

8. RECRUITMENT AND RETENTION OF HIGH-DEMAND FACULTY AND ACADEMIC STAFF [LFB Paper 806]

GPR	\$9,750,000
PR	<u>5,250,000</u>
Total	\$15,000,000

Governor/Legislature: Provide \$3,250,000 GPR and \$1,750,000 PR in 2009-10 and \$6,500,000 GPR and \$3,500,000 PR in 2010-11 to support competitive compensation for faculty and academic staff in high-demand disciplines. The 2007-09 biennial budget provided \$6,922,900 GPR and \$3,077,100 PR to support competitive compensation for faculty in high-demand academic disciplines. The 2005-07 biennial budget provided \$5,000,000 GPR to support supplemental salary increases to high-demand faculty.

9. WISCONSIN INSTITUTE FOR DISCOVERY [LFB Paper 807]

GPR	\$8,198,100
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Governor/Legislature: Provide \$8,198,100 in 2010-11 in the UW System's general program operations appropriation. Require the Board of Regents to allocate this funding in 2010-11 to support interdisciplinary research into biotechnology, nanotechnology, and information technologies that enhances human health and welfare.

[Act 28 Section: 9154(2)]

10. WISCONSIN BIOENERGY INITIATIVE [LFB PAPER 808]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Legislature (Chg. to JFC)	Net Change
SEG	\$8,000,000	-\$120,000	\$220,000	\$8,100,000

Governor: Provide \$4,000,000 annually in a new appropriation, funded with moneys from the recycling and renewable energy fund. Specify that these funds would be used to support research into improved plant biomass and biomass processing, conversion of biomass into energy products, development of a sustainable energy economy, and development of enabling technologies for bioenergy research under the Wisconsin Bioenergy Initiative. The Wisconsin Bioenergy Initiative is a public-private partnership in bioenergy research, outreach, training and economic development based in the College of Agricultural and Life Sciences (CALS) at the UW-Madison.

Joint Finance: Reduce the appropriation by \$60,000 annually for the following: (a) reduce the appropriation by \$110,000 annually to reflect that the Director of the Wisconsin Institute for Sustainable Technology, located at UW-Stevens Point, would be supported by federal grant funds during the biennium; and (b) provide \$50,000 annually and require the Board of Regents to allocate \$50,000 in each year of the biennium to UW-Green Bay's Innovation Entrepreneurship Institute through the Environmental Management and Business Institute to promote green innovations symposia. Specify that for the purpose of preparing its agency budget request for the 2011-13 biennial budget, the UW System should submit its request as though the amount for this appropriation for 2010-11 is \$60,000 more than the amount in the schedule.

Assembly: Increase the appropriation by \$110,000 annually and require the Board of Regents to allocate these funds to the Wisconsin Institute of Sustainable Technology (WIST) at UW-Stevens Point to provide funding for the position of the Director of the Insitute. Specify that the Board would only be required to allocate these funds to WIST if federal funds are not available to support this position. Delete the Joint Finance provision specifying that, for the purpose for preparing its agency budget request for the 2011-13 biennial budget, the UW System should submit its request as though the amount of this appropriation for 2010-11 is \$60,000 more than the amount in the schedule.

Senate/Legislature: Delete the language that would have required the Board of Regents to allocate funds to support the WIST director only if federal funds are not available to support that position.

[Act 28 Sections: 262, 9154(3g), and 9154(3q)]

11. WISCONSIN GENOMICS INITIATIVE [LFB Paper 809]

GPR	\$2,000,000
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Governor/Legislature: Provide \$2,000,000 in 2009-10 in the UW System's general program operations appropriation. Require the Board of Regents to allocate this funding in 2009-10 to support the establishment of the Wisconsin Genomics Initiative for research in personalized health care for disease identification and prevention. The Wisconsin Genomics Initiative is a collaborative research effort among the Marshfield Clinic, Medical College of Wisconsin, University of Wisconsin School of Medicine and Public Health, and UW-Milwaukee.

[Act 28 Section: 9154(1)]

12. LAWTON AND ADVANCED OPPORTUNITY PROGRAMS [LFB Paper 468]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,960,400	- \$373,900	\$1,586,500

Governor: Provide \$223,700 in 2009-10 and \$582,100 in 2010-11 to increase funding for the Lawton minority undergraduate need-based grant program by 3.6% in 2009-10 and by 5.6% in 2010-11. Annual base GPR funding for the Lawton program is \$6,175,800. Under current law, the appropriation for the Lawton program is sum sufficient with funding increases linked to the average percentage increase in undergraduate tuition at UW System institutions. If the linkage, which is not modified by the bill, remains unchanged, GPR funding for Lawton program would need to increase by an estimated 5.5% in each year, or \$339,700 in 2009-10 and \$698,100 in 2010-11. In order to be consistent with the GPR funding identified in the bill, the bill would need to be modified to delete or suspend this linkage.

Provide \$351,000 in 2009-10 and \$803,600 in 2010-11 to increase funding for the Advanced Opportunity Program (AOP). Annual base GPR funding for AOP is \$7,799,500. Funding for AOP would increase by 4.5% in 2009-10 and by an additional 5.6% in 2010-11.

Joint Finance/Legislature: Decrease funding for AOP by \$93,600 in 2009-10 and by \$280,300 in 2010-11. Total program funding would be \$8,056,900 in 2009-10 and \$8,322,800 in 2010-11. This would increase program funding by 3.3% in each year of the biennium, which would be equal to the weighted average of increases in resident and nonresident graduate tuition in 2008-09.

In addition, modify current law to suspend the link between funding for the Lawton program and average increases in UW System resident undergraduate tuition for the 2009-11 biennium. For the purpose of calculating future Lawton appropriation increases, set the statutory base funding reference at \$6,757,900, which would be the amount of funding provided for the program in 2010-11 by the Governor and Joint Finance.

[Act 28 Sections: 262m, 747p, and 747r]

13. REESTIMATE DEBT SERVICE

GPR	\$65,407,600
PR	<u>10,074,400</u>
Total	\$75,482,000

Governor/Legislature: Provide \$30,749,800 GPR and \$1,373,500 PR in 2009-10 and \$34,657,800 GPR and \$8,700,900 PR in 2010-11 to reflect a reestimate of debt service. Annual base level funding for these appropriations is \$120,716,000 GPR and \$79,016,400 PR.

14. REESTIMATE FUEL AND UTILITIES

GPR	- \$6,670,900
PR	<u>5,589,900</u>
Total	-\$1,081,000

Governor/Legislature: Delete \$5,193,300 GPR in 2009-10 and \$1,477,600 GPR in 2010-11 and provide \$2,130,800 PR tuition revenue in

2009-10 and \$3,459,100 PR tuition revenue in 2010-11 related to changes in fuel and utility costs. These funding modifications reflect: (a) expected changes in commodity prices (-\$11,955,900); (b) operational adjustments related to the related to the UW-Madison co-generation electric power and steam and chilled water facility (\$897,600); (c) fuel and utility costs related to new space (\$9,388,700); and (d) solid waste removal (\$588,600). This item excludes a separate across-the-board 1% reduction in the GPR fuel and utility appropriations (-\$1,316,300 annually), which has base funding of \$131,626,200 in 2008-09. The reduction in the GPR general program operations appropriation and the corresponding increase in the PR tuition appropriation reflects the use of tuition revenues to pay for a portion of utility costs.

Fuel and Utility Funding Adjustments

	<u>2009-10</u>	<u>2010-11</u>	<u>2009-11</u>
GPR			
General Program Operations	-\$2,130,800	-\$3,459,100	-\$5,589,900
Fuel and Utilities	<u>-3,062,500</u>	<u>1,981,500</u>	<u>-1,081,000</u>
Subtotal--GPR	-\$5,193,300	-\$1,477,600	-\$6,670,900
PR			
Tuition	\$2,130,800	\$3,459,100	\$5,589,900
Total--All Funds	-\$3,062,500	\$1,981,500	-\$1,081,000

15. GIFT FUNDS

PR	\$41,675,400
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Governor/Legislature: Provide \$13,881,300 in 2009-10 and \$27,794,100 in 2010-11 to reestimate the amount of gift funding available in the 2009-11 biennium. Annual base level funding is \$494,450,400.

16. UW-MADISON INTERCOLLEGIATE ATHLETICS [LFB Papers 174 and 805]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$29,908,100	\$267,600	\$30,175,700

Governor: Provide \$12,544,500 in 2009-10 and \$17,363,600 in 2010-11 for: (a) increases in guarantees paid to non-conference opponents, post-season travel, costs associated with processing credit card purchases in-house, and increases in camps, clinics, and golf course operating costs (\$11,487,700 in 2009-10 and \$15,521,200 in 2010-11); (b) increases in scholarships and related expenses (\$1,766,000 in 2009-10 and \$2,551,600 in 2010-11); and (c) a 1% base reduction (-\$752,200 annually). This program revenue includes receipts from athletic events, camps, clinics, the University Ridge golf course, and gifts. Annual base level funding for these appropriations, which exclude debt service payments related to athletics facilities, is \$75,224,700.

Joint Finance/Legislature: Restore the 1% reduction to the gifts and grants (\$130,800

annually) and nonincome sports (\$3,000 annually) appropriations for UW-Madison intercollegiate athletics. Under Joint Finance, gift and grants appropriations and other UW PR and SEG appropriations from which the Department of Administration had indicated that no funds would be transferred were restored.

17. AUXILIARY APPROPRIATIONS

PR	\$23,046,000
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Governor/Legislature: Provide \$23,046,000 in 2010-11 to reestimate revenues for auxiliary operations to reflect projected growth and cost increases. Auxiliary enterprises include student housing, parking, bookstores, student health services, student unions, intercollegiate athletics, and a variety of other services. These programs are self-supporting through the collection of student segregated fees and the sale of goods and services. Annual base level funding is \$533,659,300.

18. TRANSFER FUNDS FROM UW AUXILIARY ENTERPRISES TO WHEG-UW PROGRAM UNDER HEAB [LFB Paper 465]

Governor: Transfer \$25,000,000 in 2009-10 from the UW System's auxiliary enterprises appropriation to an appropriation that would be created under the Higher Educational Aids Board (HEAB). Specify that these funds would be used to supplement grants provided by the Wisconsin higher educational grant program for UW students. [See "Higher Educational Aids Board."]

Auxiliary enterprises include student housing, parking, bookstores, student health services, student unions, intercollegiate athletics, and a variety of other services. These programs are self-supporting through the collection of student segregated fees and the sale of goods and services. Annual base level funding is \$533,659,300.

Joint Finance/Legislature: Reduce the amount to be transferred from the UW System's auxiliary enterprises appropriation by \$1,750,000 from \$25,000,000 to \$23,250,000 and specify that the Board of Regents cannot transfer more than \$3,500,000 from the auxiliary enterprises account of UW-Extension or any single campus. Of the amount to be transferred, provide \$17,250,000 to HEAB and \$6,000,000 to a new PR appropriation that would be created under the UW System to fund tuition increase grants.

[Act 28 Sections: 232, 233, 254, 255, and 261m]

19. STUDENT TECHNOLOGY FEE

PR	\$1,302,900
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Governor/Legislature: Provide \$106,900 in 2009-10 and \$1,196,000 in 2010-11 for instructional technology to reflect projected higher student technology fee revenues attributable to general tuition revenue growth. The student technology fee is set as a percentage of overall tuition (2.5% at Madison, 2.0% at all other campuses) and therefore, fee revenues increase along

with tuition. This request would provide the UW System with expenditure authority for these revenues.

20. TRUST FUND INCOME

SEG	\$1,158,700
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Governor/Legislature: Reestimate trust fund income by \$1,158,700 in 2010-11. 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 \$26,276,400.

21. SEGREGATED FUNDS POSITION CREATION AUTHORITY [LFB Paper 808]

Governor/Legislature: Provide that the UW Board of Regents may create or abolish positions that are funded through segregated funds appropriations. Require that the Board would have to report quarterly to the Department of Administration (DOA) and the co-chairpersons of the Joint Committee on Finance the following: (a) the number of positions created or abolished during the preceding quarter; and (b) the source of funding for each such position.

Under current law, the Board may create or abolish positions that are funded through: (a) its largest general purpose revenue appropriation for general program operations, subject to the conditions established in a memorandum of understanding with DOA; (b) certain program revenue appropriations, including the auxiliary revenues, general operation receipts, gifts and donations appropriations; (c) federal appropriations for aid and indirect cost reimbursement; (d) the appropriation for trust fund income, which is a segregated fund; and (e) certain revenues credited to the academic fees (tuition) appropriation. Positions that are funded through the appropriation of segregated funds may otherwise only be created or abolished by the full Legislature or the Joint Committee on Finance under s. 13.10. The UW System currently has 125.9 SEG positions of which 119.2 are funded through the appropriation for trust fund income. The remaining 6.7 positions are funded through SEG appropriations for grants for forestry programs, discovery farm grants, extension recycling education, and solid waste research and experiments.

[Act 28 Section: 91]

22. UW-MILWAUKEE SCHOOL OF PUBLIC HEALTH [LFB Paper 810]

Governor/Legislature: Permit the Board of Regents to create a school of public health at UW-Milwaukee. Under current law, the Board of Regents may not create a new school with academic programs at the graduate, professional, or post-baccalaureate level unless specifically

authorized by the Legislature to do so.

[Act 28 Section: 741]

23. UW-MILWAUKEE SCHOOL OF FRESHWATER SCIENCES [LFB Paper 811]

Governor/Legislature: Permit the Board of Regents to create a school of freshwater sciences at UW-Milwaukee. Under current law, the Board of Regents may not create a new school with academic programs at the graduate, professional, or post-baccalaureate level unless specifically authorized by the Legislature to do so.

[Act 28 Section: 742]

24. REQUIRE VETERANS AND CERTAIN DEPENDENTS TO USE CERTAIN FEDERAL EDUCATION BENEFITS BEFORE STATE TUITION AND FEES REMISSIONS

Governor: Provide that the Board of Regents require any student who is a veteran to use the amount of educational assistance that the student is entitled to under the federal Post-9/11 Veterans Education Assistance Act of 2008 (Post-9/11 G.I. Bill) for the payment of tuition and fees. Reduce the amount of the current law tuition and fee remission by any amount paid by the Post-9/11 G.I. Bill. Under current law, the Board of Regents must grant a full remission of tuition and fees, less any amount paid under certain federal programs providing for the education of officers and disabled veterans, for 128 credits or 8 semesters, whichever is longer, to any student who is a veteran and who: (a) entered service from Wisconsin; (b) is a current state resident; and (c) whose service meets certain criteria. Veterans who are not eligible for educational assistance under the Post-9/11 G.I. Bill would not be affected by this proposed change.

Require the Higher Educational Aids Board (HEAB), in consultation with the Board of Regents, to determine if a student who is a veteran and who is eligible for benefits under both the Post-9/11 G.I. Bill and the federal All-Volunteer Force Educational Assistance Program (Montgomery G.I. Bill) would be eligible for a greater amount of educational assistance, excluding educational assistance for tuition, under the Montgomery G.I. Bill than under the Post-9/11 G.I. Bill. Require HEAB, in consultation with the Board of Regents, to calculate the amount by which the educational assistance, excluding assistance for tuition, provided for under the Montgomery G.I. Bill would have been greater than provided for under the Post-9/11 G.I. Bill and to reimburse the student this amount.

Provide that the Board of Regents require any resident student who is the spouse, the unremarried surviving spouse, or the child of certain veterans to use the amount of educational assistance that the student is entitled to under the Post-9/11 G.I. Bill for the payment of tuition and fees. Reduce the amount of the current law tuition and fee remission by any amount paid by the Post-9/11 G.I. Bill. Under current law, the Board of Regents must grant a full remission of tuition and fees, for 128 credits or 8 semesters, whichever is longer, to any student who is the

spouse, the unremarried surviving spouse, or the child of a 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. Spouses, unremarried surviving spouses, and children who are not eligible for educational assistance under the Post-9/11 G.I. Bill would not be affected by this proposed change.

Require the Higher Educational Aids Board (HEAB), in consultation with the Board of Regents, to determine if a student who is the spouse, the unremarried surviving spouse, or the child of certain veterans and who is eligible for benefits under both the Post-9/11 G.I. Bill and the federal Survivors' and Dependents' Educational Assistance Program (SDEA Program) would be eligible for a greater amount of educational assistance, excluding educational assistance for tuition, under the SDEA Program than under the Post-9/11 G.I. Bill. Require HEAB, in consultation with the Board of Regents, to calculate the amount by which the educational assistance, excluding assistance for tuition, provided for under the SDEA Program would have been greater than provided for under the Post-9/11 G.I. Bill and to reimburse the student this amount.

Assembly: Modify the provisions such that students who are eligible for benefits under both the Post-9/11 G.I. Bill and the Montgomery G.I. Bill, the Montgomery G.I. Bill for selected reserve members, the Reserve Educational Assistance Program (REAP), or the SDEA Program (other benefit programs) would be eligible to receive reimbursement payments from HEAB. Specify that HEAB reimburse students in June of each academic year. If the total amount of reimbursements due to UW and technical college students in any academic year exceeds the amount of available funding, authorize HEAB to prorate payments. Specify that if payments are prorated, then the UW Board of Regents would make payments to students who were enrolled at UW institutions equal to the difference in the amount of reimbursement required under this provision and the amount of reimbursement paid by HEAB.

Provide that a student who is eligible to receive 12 months or less of educational assistance under other benefit programs would not be required to apply the educational assistance that he or she is entitled to under the Post 9/11 G.I. Bill to the payment of tuition and fees before he or she could receive a tuition and fee remission. In addition, modify current law such that the limit of 128 credits for tuition remissions would apply to the sum of remissions received by an individual at all UW System and WTCS institutions.

Specify that these provisions would take effect on January 1, 2010, and would first apply to students who enroll in the spring, 2010, semester.

Senate: Delete Assembly provision.

Conference Committee/Legislature: Include Assembly provision, except specify that the provision related to the reimbursement of students would take effect on August 15, 2009, and would first apply to students who enroll in the fall, 2009, semester.

Veto by Governor [B-9]: Delete the reference to an academic year for the purpose of calculating the amount of reimbursement payment and delete the references to June for the

reimbursement of students and the determination of the total amount of reimbursement payments.

[Act 28 Sections: 744d, 745d, 745f, 746d, 747d, 747f, 770j, 770k, 9323(1q), and 9423(1q)]

[Act 28 Vetoed Sections: 745f, 747f, and 770k]

25. NONRESIDENT TUITION EXEMPTIONS FOR CERTAIN UNDOCUMENTED PERSONS [LFB Paper 812]

Governor: Provide that a person who is a citizen of another country is exempt from nonresident tuition if that person meets all of the following requirements: (a) the person graduated from a Wisconsin high school or received a high school graduation equivalency declaration from this state; (b) the person was continuously present in this state for at least three years following the first day of attending a Wisconsin high school or immediately preceding the receipt of a declaration of equivalency of high school graduation; and (c) the person enrolls in a UW System institution and provides the institution with an affidavit that the person has filed or will file an application for a permanent resident visa with the U.S. Citizenship and Immigration Services as soon as the person is eligible to do so. Specify that this provision would first apply to persons who enroll for the semester or session following the bill's effective date.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision, but modify such that the person would have to provide the institution with proof that he or she has filed or will file an application for a permanent resident visa rather than with an affidavit as under the Joint Finance provision.

[Act 28 Sections: 743 and 9354(1)]

26. COLLECTIVE BARGAINING RIGHTS FOR UW FACULTY AND ACADEMIC STAFF [LFB Paper 607]

Governor: Provide collective bargaining rights for University of Wisconsin faculty and academic staff. Create 30 different bargaining units including one faculty unit and one academic staff unit for each of the 13 four-year campuses (26 units); one faculty unit and one academic staff unit for the UW Colleges (2 units); and one faculty unit and one academic staff unit for the UW-Extension (2 units). Specify subjects of bargaining and prohibit bargaining on a number of items, including: (1) the mission and goals of the Board of Regents as set forth in the statutes; (2) the diminution of the right of tenure provided to faculty; (3) rights related to governance granted to faculty and academic staff in the statutes; (4) rights of appointment provided to academic staff; and (5) academic freedom.

Joint Finance/Legislature: Modifications to these provisions are shown under "Office of State Employment Relations."

27. TRANSFER HEALTH PROFESSIONALS LOAN ASSISTANCE PROGRAMS FROM THE DEPARTMENT OF COMMERCE [LFB Paper 253]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$0	\$674,100	\$674,100
PR	<u>967,600</u>	<u>0</u>	<u>967,600</u>
Total	\$967,600	\$674,100	\$1,641,700

Governor: Transfer the physician and dentist loan assistance program and the health care provider loan assistance program from the Department of Commerce to the UW System. Change all references to the Department of Commerce in the statutory language related to these programs to refer to the Board of Regents. Delete the requirement, along with related appropriation language, that the Department of Commerce contract with the Board of Regents for administrative services and replace with a requirement that the Board of Regents: (a) identify eligible practice areas with extremely high need for medical care, dental health shortage areas with extremely high need for dental care, and communities with extremely high need for health care, including dental health care; (b) publicize the programs to physicians, dentists, health care providers, and eligible communities; (c) assist physicians, dentists, and health care providers who are interested in applying for the programs; and (d) assist communities in obtaining the services of physicians, dentists, and health care providers through the programs.

Transfer the biennial, program revenue appropriation for loan repayments from the Department of Commerce to the UW System. Specify that the amount transferred from the Department of Commerce to the new appropriation would be the amount shown for the new appropriation in the appropriation schedule (\$483,800 PR annually). Transfer the continuing, program revenue appropriation for penalties assessed from the Department of Commerce to the UW System, delete the references to penalties, and transfer the unencumbered balances from the appropriations under the Department of Commerce for local contributions to the new appropriation under the UW System. Delete appropriations under the Department of Commerce for local contributions to loan programs.

Transfer all assets and liabilities, pending matters, and tangible property that are primarily related to the physician and dental loan assistance program or the health care loan assistance program, as determined by the Secretary of DOA, from the Department of Commerce to the UW System. In addition, specify that any rules, orders, and contracts primarily related to the loan programs, as determined by the Secretary of DOA, and promulgated, issued, or entered into by the Department of Commerce would remain in effect until their specified expiration date or until amended, repealed, modified, or rescinded by the UW System.

Joint Finance/Legislature: Increase the UW System's appropriation for federal aid by \$374,100 in 2009-10 and by \$300,000 in 2010-11 to reflect the anticipated transfer of federal funding for loan repayments to the UW Office of Rural Health. In addition, permit the UW System to use the funds provided in the new PR appropriation for these programs to fund loan repayments and associated costs.

[Act 28 Sections: 211 thru 213, 215, 582, 1296, 3035 thru 3056, 3058 thru 3060, 9110(4)&(5), and 9210(1)]

28. TRANSFER RURAL HEALTH DEVELOPMENT COUNCIL FROM THE DEPARTMENT OF COMMERCE [LFB Paper 253]

Governor: Transfer the rural health development council (RHDC) from the Department of Commerce to the UW System. Specify that current members of the council could continue to serve the for term which that member was appointed or until his or her successor is appointed or qualified. Transfer all tangible property that is primarily related to the functions of the council from the Department of Commerce to the UW System. In addition, specify that all contracts entered into by the Department of Commerce primarily related to the functions of the council, as determined by the Secretary of DOA would remain in effect and would be transferred to the UW System until modified or rescinded. Specify that the RHDC would: (a) advise the Board of Regents on matters related to the physician and dental loan assistance program and the health care provider loan assistance program; and (b) advise the Board of Regents on the amount, up to \$25,000, to be repaid on behalf of each health care provider who participates in the health care provider loan program.

Joint Finance/Legislature: Modify provision to increase the membership of the RHDC from 13 to 17 by: (a) deleting the representative from the farmers home administration and one of the two representatives of private lenders that make loans in rural areas; (b) adding the Secretaries of Agriculture, Trade, and Consumer Protection and Workforce Development or their designees, a representative of an economic development organization operating in a rural area, and a member of the public from a rural area; and (c) two unspecified members. In addition, specify that of the two representatives of rural health care facilities currently on RHDC, one must represent a hospital and one must represent a clinic.

Specify that RHDC make recommendations to the Governor on all of the following: (a) ways to improve the delivery of health care to persons living in rural areas of the state that qualify as eligible practice areas under state law; (b) ways to help communities evaluate and utilize the linkage between rural health facilities and economic development; (c) the coordination of state and federal programs available to assist rural health care service delivery; (d) stronger coordination and maintenance of rural services and delivery systems; and (e) development of mechanisms to reduce shortages of health care providers in rural areas.

[Act 28 Sections: 40g thru 40n, 43 thru 43g, 747s, 3057, and 9110(3)]

29. ELIMINATE CERTAIN REPORTING REQUIREMENTS FOR THE UW MEDICAL SCHOOL

Governor: Delete the current law requirement that the UW Medical School biennially report to the Governor and the Joint Committee on Finance the following information: (a) the number and percentages of Wisconsin residents enrolled; (b) the placement of graduates of Doctor of Medicine and residency training programs; and (c) a financial summary for the UW Medical School.

Under this provision, current law would continue to require the UW Medical School to

report biennially to the Governor and the Joint Committee on Finance the following information: (a) minority student recruitment policies and programs and the number of minority students enrolled; (b) average faculty salaries compared to national averages; and (c) the development of cooperative educational programs with other institutions throughout this state. In addition, the UW Medical School would continue to be required to report to the Governor and the chief clerk of each house of the Legislature by October 15 of each even-numbered year the following information: (a) the financial status of the family practice residency sites; (b) the number of family practice residents choosing to practice in medically underserved areas of the state upon graduation; and (c) the number of graduates entering family practice as a career.

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

30. WISCONSIN ENVIRONMENTAL EDUCATION BOARD

SEG	\$121,500
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Joint Finance/Legislature: Provide \$40,500 in 2009-10 and \$81,000 in 2010-11 for the Wisconsin Environmental Education Board (WEEB) to reflect an increase in the environmental surcharge and an increase in the percentage of that surcharge that is deposited in the appropriation for WEEB under the UW System. Under current law, a 10% environmental surcharge is imposed on all fines and forfeitures related to violations of environmental law and 50% of revenues generated from these environmental surcharges are deposited in an appropriation under the UW System for WEEB. Under AB 75, the environmental surcharge would increase from 10% to 20% of the fine or forfeiture and the percentage of revenues generated by environmental surcharges that would be deposited in an appropriation for WEEB would increase from 50% to 70%. [See "Department of Natural Resources -- Air, Waste, and Contaminated Land."]

[Act 28 Sections: 261t, 2665r, and 2665s]

31. COLLECTIVE BARGAINING RIGHTS FOR UW SYSTEM RESEARCH ASSISTANTS

Joint Finance: Modify the current law definition of "employee" for the purpose of collective bargaining to include research assistants and include UW System research assistants in collective bargaining units currently authorized for program, project, and teaching assistants. Define a research assistant as a graduate student enrolled in the University of Wisconsin System who is assigned to conduct research under the supervision of faculty or academic staff including those graduate students who are required to perform such responsibilities to attain a graduate degree. Delete existing statutory language that excludes project and program assistants whose work is primarily for the benefit of the student's own learning and research and which is independent or self-directed from the definition of project and program assistants for the purpose of collective bargaining. In addition, modify the definition of teaching assistant to include graduate students who are required to perform teaching and related responsibilities to attain a graduate degree. Specify that these modifications would be effective July 1, 2010.

Legislature: Modifications to these provisions are shown under "Office of State Employment Relations."

32. COLLABORATIVE NURSING PROGRAM

Joint Finance/Legislature: Require the Board of Regents to allocate \$170,000 in each year of the biennium from its largest GPR operations appropriation and its PR tuition appropriation for a collaborative nursing program operated by UW-Oshkosh, UW-Rock County, and Blackhawk Technical College.

[Act 28 Section: 9154(3i)]

33. WISYS TECHNOLOGY FOUNDATION, INC.

Joint Finance/Legislature: Require the Department of Commerce to allocate not less than \$50,000 in each year of the biennium from the Wisconsin Development Fund to the WiSys Technology Foundation, Inc., for providing intellectual property management services to the UW comprehensive campuses, the UW Colleges, and UW-Extension.

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

[Act 28 Vetoed Section: 9110(10q)]

34. TUITION AWARD PROGRAM

Joint Finance/Legislature: Increase the number of students who can receive nonresident tuition exemptions under the Tuition Award Program (TAP) from 200 to 300 students at UW-Parkside and from 150 to 225 students at UW-Superior. To be eligible for TAP, a student must be enrolled in a program that has been identified by the institution as having excess capacity. At UW-Parkside, students must also be enrolled as juniors or seniors to be eligible for the program. Specify that these changes would first apply to persons who enroll for the semester or session following the effective date of the bill.

[Act 28 Sections: 747m and 9354(2f)]

35. INCOME FROM NORMAL SCHOOL FUND FOR ENVIRONMENTAL PROGRAMS

SEG	\$400,000
GPR-REV	-\$3,200

Senate/Legislature: Reestimate income and interest from the normal school fund by \$284,600 annually, from the current amount of \$65,400 annually. Instead of depositing this additional revenue in the general fund as under current law, provide \$200,000 annually in a new appropriation under the UW System for environmental programs financial aid and scholarships. Of the amount transferred, specify that \$100,000 annually would be used to provide need-based grants to students who are members of underrepresented groups and

who are enrolled in a program leading to a certificate or a bachelor's degree from the Nelson Institute for Environmental Studies at UW-Madison. In addition, specify that \$100,000 annually would be used to provide scholarships to students enrolled in the sustainable management degree program through UW-Extension.

Based on the reestimate of income and interest from the normal school fund and the proposed use of those moneys, including a transfer of income and interest to the Department of Public Instruction, increase estimated GPR-Earned by \$9,800 in 2009-10 and reduce estimated GPR-Earned by \$13,000 in 2010-11.

[Act 28 Sections: 261w, 665s, and 747rm]

36. CONFLICT OF INTEREST FOR UW SYSTEM EMPLOYEES

Senate/Legislature: Modify current law regarding conflict of interest of UW System employees to permit the UW System, any institution, or UW Colleges campus to enter into a contract or contracts with a research company requiring payments of up to \$250,000 over 24 months if the contract or contracts has been approved by a UW System conflict of interest officer. Require the UW System to submit contracts in excess of \$250,000 to the Board of Regents and specify that the UW System may enter into such a contract if the Board of Regents does not notify the UW System within 45 days of receiving the proposed contract that such a contract would violate state conflict of interest law. Delete the current law sunset regarding this conflict of interest provision. A research company is an entity engaged in commercial activity that is related to research conducted by an employee or officer of the UW System or to a product of such research.

Under current law, the UW System, any institution, or UW Colleges campus may contract with a research company for the purchase of goods and services, including research, if the following apply: (1) the contract is approved by a UW conflict of interest officer; and (2) either of the following apply: (a) the contract or the sum of contracts between the same parties requires less than \$75,000 in payments over a 24 month period; or (b) the UW System submits the contract to the attorney general and the attorney general does not notify the UW System within a specified time period that entering into the contract would constitute a violation of conflict of interest law. Under current law, this provision would not apply after June 30, 2011.

[Act 28 Sections: 738s, 2443d, 3350d, 3350m, and 3350s]

37. UW-STEVENS POINT: BACHELOR OF SCIENCE IN NURSING PROGRAM

Assembly: Require the Board of Regents to plan a bachelor of science degree in nursing at UW-Stevens Point.

Senate: Delete provision.

Conference Committee/Legislature: Include provision.

[Act 28 Section: 738d]

VETERANS AFFAIRS

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,736,200	\$4,772,200	\$4,698,800	\$4,698,800	\$4,698,800	-\$37,400	- 0.8%
FED	4,016,200	4,277,000	4,219,400	4,219,400	4,219,400	203,200	5.1
PR	165,320,800	182,235,800	178,132,200	178,132,200	178,132,200	12,811,400	7.7
SEG	<u>119,217,200</u>	<u>97,696,000</u>	<u>97,461,600</u>	<u>97,461,600</u>	<u>97,461,600</u>	<u>- 21,755,600</u>	<u>- 18.2</u>
TOTAL	\$293,290,400	\$288,981,000	\$284,512,000	\$284,512,000	\$284,512,000	-\$8,778,400	- 3.0%
BR		\$195,000,000	\$195,000,000	\$195,000,000	\$195,000,000		

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
FED	13.50	10.50	10.50	10.50	10.50	- 3.00
PR	974.85	981.85	981.85	981.85	981.85	7.00
SEG	<u>119.55</u>	<u>120.75</u>	<u>120.75</u>	<u>120.75</u>	<u>120.75</u>	<u>1.20</u>
TOTAL	1,107.90	1,113.10	1,113.10	1,113.10	1,113.10	5.20

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments to the base totaling -\$217,000 GPR, \$23,400 FED, \$3,597,200 PR and \$71,600 SEG annually. Adjustments are for: (a) turnover reduction (-\$402,100 PR and -\$83,000 SEG annually); (b) removal of non-continuing elements from the base (-\$217,000 GPR and -\$300,000 SEG annually); (c) full funding of continuing salaries and fringe benefits (\$23,400 FED, \$1,051,100 PR, and \$383,700 SEG annually); (d) overtime (\$1,709,300 PR annually);

GPR	-\$434,000
FED	46,800
PR	7,194,400
SEG	<u>143,200</u>
Total	\$6,950,400

(e) night and weekend differential (\$1,238,900 PR annually); (f) full funding of lease costs and directed moves (\$70,900 SEG annually); and (g) minor transfers within the same appropriation.

2. ACROSS-THE-BOARD 1% REDUCTIONS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$17,800	\$17,800	\$0
PR	-1,604,200	1,604,200	0
SEG	-550,000	550,000	0
Total	-\$2,172,000	\$2,172,000	\$0

Governor: Delete \$8,900 GPR, \$802,100 PR, and \$275,000 SEG annually as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Aids to Indigent Veterans	\$208,700	-\$2,100
GPR	Cemetery Maintenance	24,900	- 300
GPR	Veteran's Museum	450,000	- 4,500
GPR	Military Funeral Honors	204,000	-2,000*
PR	Home Exchange	478,500	- 4,800
PR	Veterans Home Cemetery Operations	12,000	- 100
PR	Institutional Operations	78,946,000	- 790,000*
PR	Gifts and Bequests	214,700	- 2,200
PR	Housing Maintenance	65,700	- 700
PR	Geriatric Receipts	196,900	- 2,000*
PR	American Indian Coordinator	77,400	- 800*
PR	American Indian Grants	56,000	- 600*
PR	Cemetery Operations	88,900	- 900*
SEG	Veterans Assistance Program	279,900	- 3,000*
SEG	Veterans Assistance Fees	80,000	- 1,000*
SEG	Transportation Grants	200,000	- 2,000
SEG	Veterans Tuition Reimbursement	2,041,600	-20,400
SEG	Retraining Grants	210,000	- 2,100
SEG	Administration	5,535,600	- 55,400*
SEG	Museum Sales	133,400	- 1,400
SEG	Assistance to Needy Veterans	918,000	- 9,200*
SEG	World War I Museum Costs	2,500	- 100
SEG	Veterans Organizations Grants	177,500	- 2,000
SEG	Service Officer Grants	302,600	-3,000*
SEG	Home for Needy Veterans	10,000	- 100
SEG	Veterans Museum Operations	1,569,700	- 16,000*
SEG	Personal Loans	10,150,000	-102,000
SEG	Foreclosure Loss	801,000	- 8,000
SEG	Funded Reserves	50,000	- 500
SEG	Mortgage Loan Administration	3,620,900	- 36,200
SEG	Service Officer Grants - Mortgage Loans	450,900	- 4,600
SEG	Cemetery Administration	652,700	- 7,000*
SEG	Cemetery Energy Costs	55,800	- 1,000*

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Delete provision.

3. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$1,009,600 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$11,900 FED, \$872,400 PR, and \$125,300 SEG.

FED	- \$23,800
PR	- 1,744,800
SEG	- 250,600
Total	- \$2,019,200

4. STATE EMPLOYEE FURLOUGH

Joint Finance/Legislature: Delete \$580,500 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$16,900 FED, \$371,700 PR and \$191,900 SEG.

FED	- \$33,800
PR	- 743,400
SEG	- 383,800
Total	- \$1,161,000

5. AGENCY 5.135% BUDGET REDUCTIONS

Joint Finance/Legislature: Delete \$45,600 GPR annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. Annual reductions amounts would be as follows:

GPR	- \$91,200
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<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Aids to indigent veterans	\$208,700	-\$10,700
GPR	Cemetery maintenance and beautification	24,900	-1,300
GPR	Operation of Wisconsin veterans museum	450,000	-23,100
GPR	Military funeral honors	204,000	-10,500

6. DEBT SERVICE REESTIMATES

Governor/Legislature: Reestimate the agency's debt services requirements by \$202,600 GPR, -\$1,066,100 PR, and -\$5,804,300 SEG in 2009-10 and \$184,700 GPR, -\$631,300 PR, and -\$5,810,300 SEG in 2010-11 for the following programs: (a) facilities at the Veterans Home at King and the Southern Wisconsin Veterans Retirement Center (\$202,600 GPR and -\$1,066,100 PR in 2009-10 and \$184,700 GPR and -\$631,300 PR in 2009-10); (b) borrowing for the veterans mortgage loan program (-\$5,795,000 SEG in 2009-10 and -\$5,801,400 SEG in 2010-11); and (c) capital construction at the Southern Wisconsin Memorial Cemetery (-\$9,300 SEG in 2009-10 and -\$8,900 SEG in 2010-11).

GPR	\$387,300
PR	- 1,697,400
SEG	- 11,614,600
Total	- \$12,924,700

7. BONDING AUTHORITY INCREASE FOR THE PRIMARY MORTGAGE LOAN PROGRAM

BR	\$195,000,000
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Governor/Legislature: Provide an increase in bonding authority for the primary mortgage loan program of \$195,000,000. The total bonding authority for the program would increase from \$2,205,840,000 to \$2,400,840,000 under this recommendation. Bond proceeds are used to issue primary mortgage loans to Wisconsin veterans.

[Act 28 Section: 656]

8. VETERAN EDUCATION GRANTS

SEG	-\$802,200
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Governor/Legislature: Provide -\$163,700 in 2009-10 and -\$638,500 in 2010-11 to reflect fewer reimbursement requests for veteran education grants due to increased use of federal education benefits for veterans (through the Post 9/11 GI Bill). Base funding for the program is \$2,041,600. Under the bill, funding would be reduced to \$1,877,900 in 2009-10 and \$1,403,100 in 2010-11. Funding would continue to be supported from the Veterans Trust Fund.

Under current law, the UW System Board of Regents and each technical college district board must remit 100% of tuition and fees, minus any federal tuition reimbursement, for up to 128 credits or eight semesters, whichever is longer, to any student who is a veteran and meets the following qualifications: (a) entered service from Wisconsin; (b) is a current state resident; and (c) whose service meets certain criteria (qualifies as a veteran).

Under current law, the Department of Veterans Affairs (DVA) must reimburse veteran students for tuitions and fees not remitted by the UW System Board of Regents or a technical college board. Eligible institutions for DVA education grants include UW System institutions or centers, Wisconsin Technical College System institutions, private schools approved by the Educational Approval Board, and private or public high schools or similar institutions 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 tuition and fees 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.

Beginning August, 2009, qualifying veterans are eligible for tuition, books and living expense grants from the federal government. During 2008-09, the federal government is increasing the monthly stipends under the current GI Bill. Assembly Bill 75 assumes increased use of federal GI Bill funding for education expenses. Under the Post 9/11 GI bill, veterans that served after September 11, 2001, may be eligible for up to 36 months of tuition, books and living expenses without contributions from the individual while in service. The veteran must have

served under honorable conditions and may still be active. Veterans that served at least three years of post-9/11 active duty are eligible for full allowances, which include: (a) tuition payments up to UW-Madison's rate for resident undergraduates, paid to the institution; (b) a book stipend of \$1,000 per year; and (c) a living allowance that is based upon the location of the institution the student is attending. Veterans are eligible for up to 15 years after they leave active duty. Veterans that served fewer than three years after September 11, 2001, are eligible for lower grant rates if they served at least 90 days after that date. Eligibility may be limited if the veteran has already used other federal veterans education support funds.

9. VETERANS EDUCATION GRANT APPLICATIONS

Governor/Legislature: Delete the current law requirement that eligible individuals have 60 days from the completion of a semester or course to submit an application for a veterans education grant. Allow the Department to set the delimiting date for the receipt of reimbursement requests by administrative rule.

Delete the current law requirement that veterans education grant applicants must submit a pre-application. Under current law, DVA must promulgate a rule that establishes a date by which veterans that are intending to seek reimbursement must provide the following data: (a) the veteran's name; (b) the educational institution they are attending; (c) whether the veteran is attending full-time or part-time; and (d) the estimated amount of tuition reimbursement that will be sought at the end of the academic term. The bill would delete this requirement.

Specify that the provisions would become effective for applications for tuition reimbursement for an academic term that begins after the effective date of the bill.

[Act 28 Sections: 825, 826, and 9355(1)]

10. HEALTH CARE AID GRANTS

SEG	\$499,500
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Governor/Legislature: Provide \$175,700 in 2009-10 and \$323,800 in 2010-11 for the health care aid grant program to support increased demand and increased maximum grant awards. Under the 2007-09 biennial budget, the Legislature eliminated specific annual grant caps for dental, vision and hearing care and increased the lifetime cap for all *assistance to needy veterans* funding (which includes health care aid grants and subsistence aid grants) from \$5,000 to \$7,500. Funding for the program is provided from the Veterans Trust Fund.

11. VETERANS ASSISTANCE PROGRAM APPROPRIATION -- FEDERAL PER DIEMS

FED	\$497,200
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Governor/Legislature: Provide \$180,100 in 2009-10 and \$317,100 to reestimate the amount of funding that would be expended from federal per diem payments for the veterans assistance program. Modify the current veterans assistance program federal per diem appropriation to specify that the Department may expend all monies received rather than the

amounts specified in the schedule for the veteran assistance program. Base level funding for this appropriation is \$1,139,600 annually.

The veterans assistance program provides assistance to homeless, incarcerated, or other groups of needy veterans. The purpose of the program is to develop transitional housing for veterans and to assist needy veterans in receiving medical and dental care, educational support and employment services. The Department currently receives federal payments based on occupancy at state veterans assistance centers. These provisions would reestimate the amount in the Chapter 20 appropriations schedule as well as allow the Department to expend all monies received from these per diem payments.

[Act 28 Section: 552]

12. MISSION WELCOME HOME [LFB Paper 820]

	Funding	Positions
SEG	\$200,300	1.00

Governor/Legislature: Provide \$94,900 in 2009-10 and \$105,400 in 2010-11 and 1.0 position annually for Mission Welcome Home as follows: (a) \$51,300 in 2009-10 and \$68,300 in 2010-11 for salary and fringe benefits for 1.0 outreach specialist; (b) \$37,100 annually for supplies and services; and (c) \$6,500 in 2009-10 for one time purchases of computer, software and office workstation.

Modify the current law sunset date for the Mission Welcome Home program from June 30, 2007 [under 2007 Wisconsin Act 20 the date should have been modified to June 30, 2009 but the statutes do not reflect this change] to June 30, 2011. Delete the current GPR-supported Mission Welcome Home appropriation and instead provide funding for Mission Welcome Home under the veterans trust fund-supported veterans assistance program appropriation. Base level GPR funding for Mission Welcome Home (\$17,000 GPR annually) is removed as a non-continuing item under standard budget adjustments.

Specify that no more than \$201,000 SEG annually may be expended from this appropriation for Mission Welcome Home. Base level funding under the veterans assistance program, which does not currently fund Mission Welcome home, is \$279,900 SEG annually.

[Act 28 Sections: 548, 550, and 824]

13. VETERANS ASSISTANCE PROGRAM

SEG	\$486,400
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Governor/Legislature: Provide \$240,600 in 2009-10 and \$245,800 in 2010-11 for the following: (a) \$160,000 annually for infrastructure costs at the Northern Wisconsin Center for the Chippewa Falls Homeless Program; and (b) \$80,600 in 2009-10 and \$85,800 in 2010-11 to cover ongoing operating costs at veterans assistance center where there are insufficient anticipated revenues from federal per diems and resident fees. The veterans assistance program is funded from the Veterans Trust Fund. The program provides assistance to homeless, incarcerated, and other groups of needy veterans through transitional housing for veterans and health care, and education and employment services.

14. VETERANS ASSISTANCE PROGRAM APPROPRIATION -- USER FEES

SEG	\$8,200
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Governor/Legislature: Provide \$2,700 in 2009-10 and \$5,500 in 2010-11 to re-estimate the amount of fees received from veterans as part of the veterans assistance program. Modify the current veterans assistance program receipts appropriation from an annual to continuing appropriation and specify that the Department may expend all monies received rather than the amounts specified in the appropriations schedule for the veteran assistance program.

The veterans assistance program provides assistance to homeless, incarcerated, or other groups of needy veterans. The purpose of the program is to develop transitional housing for veterans and to assist needy veterans in receiving medical and dental care, educational support and employment services. The Department may charge fees to the services provided under the veterans assistance program. The bill would specify that DVA could expend all monies received from these fees. The fee levels are set by administrative rule. Base level funding for this appropriation is \$80,000 annually.

[Act 28 Section: 551]

15. VETERANS ASSISTANCE PROGRAM -- SINGLE ROOM OCCUPANCY

Governor/Legislature: Specify that among the services that the Department may provide for homeless, incarcerated and needy veterans under the veterans assistance program is housing in single occupancy rooms. Specify that the Department may charge fees for these rooms.

Under current law, DVA must operate a program to provide assistance to veterans who need services based on homelessness, incarceration, or other services designated by DVA, by rule. The Department may provide assistance in medical care, dental care, education, employment, and transitional housing. The Department may also charge fees to homeless veterans who use services at veterans assistance centers (federal code specifies that gainfully employed veterans may be charged of up to 30% of their income). This provision would newly include single occupancy rooms as a service that could be provided and charged for by the Department.

[Act 28 Sections: 827 and 828]

16. PERSONAL LOAN PROGRAM

SEG	- \$10,000,000
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Governor/Legislature: Reduce the amount available for personal loans to veterans by \$5,000,000 annually. The bill would reduce the amount that could be loaned from \$20 million to \$10 million over the biennium. The Department indicates that this reduction would more closely reflect the expenditures that can be supported from the Veterans Trust Fund in the 2009-11 biennium.

17. MILITARY FUNERAL HONORS

GPR	\$100,500
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Governor/Legislature: Provide \$47,400 in 2009-10 and \$53,100 in 2010-11 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 \$204,000 annually.

18. COUNTY VETERANS SERVICE OFFICER GRANTS [LFB Paper 821]

PR	\$152,700
SEG	- 133,200
Total	\$19,500

Governor: Provide \$76,500 PR and -\$64,500 SEG in 2009-10 and \$76,200 PR and -\$68,700 in 2010-11 for county veterans service officer (CVSO) grants. Newly specify that a portion of CVSO grants would be paid from revenues of the Veterans Homes. Specify that no more than \$100,000 annually may be expended from DVA's institutional operations appropriation for CVSO grants. [The statutory changes do not reflect the funding changes in the bill relating to these programs.]

Funding changes under the bill include \$76,500 PR in 2009-10 and \$76,200 PR in 2010-11 from Veterans Homes receipts, -\$113,600 SEG in 2009-10 and -\$113,000 SEG in 2010-11 from the mortgage loan repayment fund, and \$37,100 SEG in 2009-10 and \$36,800 SEG in 2010-11 from the veterans trust fund. Currently, 60% of the CVSO grants are paid from the segregated mortgage loan repayment fund and 40% are paid from the segregated veterans trust fund. Under the bill, 45% of the grants would be paid from each of these funds and 10% would be paid from program revenue of the Veterans Homes operations. Total CVSO grant funding of \$757,900 (all funds) in 2009-10 and \$753,400 (all funds) in 2010-11, would be provided as follows: (a) \$341,500 SEG in 2009-10 and \$339,400 SEG in 2010-11 from the veterans trust fund; (b) \$339,900 SEG in 2009-10 and \$337,800 SEG in 2010-11 from the mortgage loan repayment fund; and (c) \$76,500 PR in 2009-10 and \$76,200 PR in 2010-11 from the Veterans Homes receipts. The total amounts available for CVSO grants would be reduced by \$7,600 annually under the proposed 1% across-the board reductions. Base funding for CVSO grants is \$753,500 SEG.

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 to: (a) advise veterans of any benefits to which they may be entitled and 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. Of the recommended increases under the Governor's recommendations \$12,000, (all funds) in 2009-10 and \$7,500 (all funds) would be used for increases in county populations that would change grant levels.

Joint Finance/Legislature: Include provision and correct a cross reference between the Chapter 20 statutory language and appropriation schedule.

[Act 28 Sections: 544 and 546g]

19. AMERICAN INDIAN SERVICE COORDINATOR

PR	\$14,500
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Governor/Legislature: Provide \$6,800 in 2009-10 and \$7,700 in 2010-11 for increased supplies and services for the American Indian Services Coordinator. Total supplies and services funding for the position would be \$17,100 in 2009-10 and \$18,000 in 2010-11. Funding is provided from tribal gaming revenues.

20. AMERICAN INDIAN VETERAN'S SERVICES

PR	\$24,000
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Governor/Legislature: Provide \$12,000 annually from tribal gaming revenues for outreach assistance grants for American Indian veteran's services. Base level funding for the program is \$56,000. Currently, six Native American Tribes apply for the maximum \$8,500 grant per tribe. The Department anticipates that eight tribes will apply for grants beginning in 2009-10.

21. VETERANS TRUST FUND FOUNDATION FEASIBILITY STUDY [LFB Paper 822]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$250,000	-\$150,000	\$100,000

Governor: Provide one-time funding of \$100,000 in 2009-10 to do the following: (a) hire independent legal counsel to assess options under the federal tax code for establishing a veterans trust fund foundation; and (b) contract with a consultant to assess fund raising potential. Provide \$150,000 in 2010-11 to hire legal consultants to establish the foundation. Funding would be provided from the Veterans Trust Fund.

Joint Finance/Legislature: Provide potential funding to hire consultants to establish a veteran's trust fund foundation under the Joint Committee on Finance's segregated supplement appropriation pending results of the assessment. [See "Program Supplements."]

22. IN-HOUSE MORTGAGE LOAN PORTFOLIO [LFB Paper 823]

SEG	\$125,000
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Governor: Provide \$125,000 in 2009-10 from the primary mortgage loan fund for an

evaluation of the viability of servicing primary mortgage loans at the DVA. The Department currently pays fees to lenders based on the outstanding principal balance of each mortgage loan. The Department would hire a consultant to advise the Department regarding the following: (a) staffing, and supplies and services that would be needed to perform loan servicing in-house; (b) changes in loan origination and administrative procedures; and (c) the costs and revenues of the proposal, including the costs of purchasing servicing rights for existing veterans mortgage loans.

Joint Finance/Legislature: Require the Department to report to the Chairs of the veteran's issues standing committees of the Legislature, the Co-chairs of the Joint Committee on Finance, and the Governor by October 1, 2010, on the evaluation of the viability of servicing primary mortgage loans at DVA.

[Act 28 Section: 9155(1c)]

23. DEPARTMENTAL AUDITOR POSITION

	Funding	Positions
SEG	\$77,000	0.20

Governor/Legislature: Provide \$28,700 in 2009-10 and \$48,300 in 2010-11 and 0.2 position annually and convert a current 0.8 vacant financial specialist position into 1.0 auditor position. The auditor would be responsible for reviewing the effectiveness and efficiency of agency operations, the reliability of financial reporting, and compliance with laws and to develop a compliance program for financial reporting.

Funding for the auditor position would be provided as follows: (a) base level funding of \$36,300 annually for salary and fringe benefits and \$1,000 annually for supplies and services for 0.8 position funded from the mortgage loan repayment fund; (b) new funding of \$11,700 in 2009-10 and \$27,400 in 2010-11 for salary and fringe benefits and \$3,800 annually for supplies and services from the mortgage loan repayment fund; and (c) \$12,000 in 2009-10 and \$15,900 in 2010-11 for salary and fringe benefits and \$1,200 annually for 0.2 position funded from the veterans trust fund. Total funding for the position would be \$60,000 in 2009-10 and \$79,600 in 2010-11 for salary and fringe benefits and \$6,000 annually for supplies and services.

24. VETERANS MUSEUM REPAIRS

SEG	\$79,200
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Governor/Legislature: Provide \$26,400 in 2009-10 and \$52,800 in 2010-11 as part of a five-year master lease of repairs at the Wisconsin Veterans Museum in Madison. The master lease would cover \$224,800 of one-time costs, including: (a) \$136,800 for eight new smoke detection systems (two new units and six replacement units); (b) \$68,000 for water detections systems in archival storage areas; and (c) \$20,000 for replacement of carpeting that was been damaged by water.

25. VETERANS CEMETERY FUNDING

	Funding	Positions
FED	- \$283,200	- 3.00
PR	<u>283,200</u>	<u>3.00</u>
Total	\$0	0.00

Governor/Legislature: Provide -\$141,600 FED and \$141,600 PR and -3.0 FED and 3.0 PR annually to transfer a portion of veterans burial funding from federal burial allowances to funds received from fees charged for the burials of veterans' spouses and dependant children. Base level funding and standard budget adjustments for the continuing federal burial allowance appropriation is \$318,800 FED and 7.0 FED positions annually. Under the bill, estimated expenditures would decrease to \$177,200 FED and 4.0 positions annually. Base level funding plus standard budget adjustments for the annually funded cemetery operations appropriation currently totals \$93,000 PR and 2.0 PR annually. The bill would increase the PR amounts to \$234,600 PR and 5.0 PR positions annually.

26. CEMETERY UPGRADES AT UNION GROVE

SEG	\$72,000
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Governor/Legislature: Provide one-time funding of \$72,000 in 2009-10 for infrastructure upgrades and repairs of the administration building at the Southern Cemetery at Union Grove, including: (a) carpet replacement (\$15,000); (b) painting the cemetery chapel and the waiting area (\$10,000); (c) building an awning for the casket entryway of the chapel (\$40,000); and (d) a new interstate sign for the cemetery (\$7,000). Funding would come from the Veterans Trust Fund.

27. RECEIPTS FROM LOCAL GOVERNMENTS AND PRIVATE ORGANIZATIONS [LFB Paper 824]

PR	\$36,400
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Governor: Create a PR-continuing appropriation for the receipt of revenues from counties, municipalities, and private agencies for use of facilities, materials and services provided by DVA. Specify that DVA could expend all monies received from these revenues for expenses associated with those facilities, materials or services. Estimate the expenditures at \$18,200 annually. [A technical correction is necessary for this item.]

Joint Finance/Legislature: Correct a cross reference between Chapter 20 statutory language and appropriation schedule.

[Act 28 Section: 549]

28. FUNDING FOR BOARD MEETINGS

PR	\$39,200
SEG	<u>- 39,200</u>
Total	\$0

Governor/Legislature: Provide \$19,600 PR and -\$19,600 SEG annually to reallocate costs associated with Wisconsin Veterans Board meetings and travel costs of board members. Currently, these costs are paid from the veterans trust fund. The bill would reduce the amount provided from the veterans trust fund (-\$39,200 SEG annually) and increase the amounts provided from the mortgage loan repayment fund (\$19,600 SEG annually) and the Veterans Homes institutional revenues (\$9,800 PR annually

from the Veterans Home at King and \$9,800 PR annually from the Veterans Home at Union Grove).

29. MUNICIPAL SERVICES PAYMENTS

PR	\$90,500
SEG	<u>7,300</u>
Total	\$97,800

Governor/Legislature: Provide \$42,700 PR and \$3,500 SEG in 2009-10 and \$47,800 PR and \$3,800 SEG in 2010-11 for increased municipal service costs, as follows: (a) \$21,700 PR in 2009-10 and \$25,100 PR in 2010-11 for the Veterans Home at King; (b) \$10,200 PR in 2009-10 and \$11,100 PR in 2010-11 for the Veterans Home at Union Grove; (c) \$10,800 PR in 2009-10 and \$11,600 PR in 2010-11 for the skilled nursing facility at Union Grove; (d) \$3,000 SEG in 2009-10 and \$3,200 SEG in 2010-11 for the Veterans Assistance Program facilities at Union Grove; and (e) \$500 SEG in 2009-10 and \$600 SEG in 2010-11 for the Northern and Southern Wisconsin Veterans Memorial Cemeteries.

Health Facilities

1. OVERTIME AND NIGHT AND WEEKEND DIFFERENTIALS -- FUND PROJECTED INCREASES IN COSTS

PR	\$3,434,500
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Governor/Legislature: Provide \$1,673,700 in 2009-10 and \$1,760,800 in 2010-11 to fund projected increases in the cost of compensating staff for working overtime hours, holiday hours, and night and weekend shifts. The higher wages paid by DVA are based on provisions included in current union contracts.

Night and Weekend Differentials. Provide \$978,300 in 2009-10 and \$1,011,000 in 2010-11 to fund projected increases in the cost of paying higher wages for night and weekend shifts at the Veterans Home at King (\$879,700 in 2009-10 and \$897,300 in 2010-11) and at the Veterans Home at Union Grove (\$98,600 in 2009-10 and \$113,700 in 2010-11). Under a standard budget adjustment, \$1,238,900 would be provided annually to reflect funding budgeted in the current biennium for night and weekend differential payments.

Overtime. Provide \$695,400 in 2009-10 and \$749,800 in 2010-11 to fund projected increases in the cost of holiday and regular overtime pay for staff at the Veterans Home at King (\$597,500 in 2009-10 and \$609,500 in 2010-11) and the Veterans Home at Union Grove (\$97,900 in 2009-10 and \$140,300 in 2010-11). Under a standard budget adjustment, \$1,709,300 would be provided annually to reflect funding budgeted in the current biennium for overtime costs.

2. VETERANS HOME AT KING -- PHARMACY STAFF

	Funding	Positions
PR-REV	\$3,500,000	
PR	\$2,269,900	2.00

Governor/Legislature: Provide \$1,119,300 in 2009-10 and \$1,150,600 in 2010-11 to fund: (a) 1.0 clinical pharmacist and 1.0 pharmacy technician supervisor at the Veterans Home at King (\$148,200 in 2009-10 and \$179,500 in 2010-11); and (b) the purchase of medications from the U.S. Department of Veterans Affairs (USDVA), for which DVA would be reimbursed by insurance companies who participate in Medicare Part D (\$971,100 annually).

Under this item, DVA would expand pharmacy services by enrolling all residents of the King Home in the federal Medicare Part D prescription drug program. Currently, approximately 50% of the residents are enrolled in Medicare Part D, while the other 50% receive prescription drugs free of charge, through the federal VA program. By enrolling these additional members in Part D, DVA estimates that it would receive an additional \$1,750,000 annually in payments from Medicare Part D plans, which reimburses DVA more than the cost DVA pays to acquire the drugs from the USDVA. The additional revenue DVA expects to collect would increase PR revenue to the Veterans Home at King to support its operations.

3. ENERGY COSTS

PR	\$1,892,300
SEG	<u>87,300</u>
Total	\$1,979,600

Governor/Legislature: Provide \$753,400 (\$716,600 PR and \$36,800 SEG) in 2009-10 and \$1,226,200 (\$1,175,700 PR and \$50,500 SEG) in 2010-11 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 (\$36,800 SEG in 2009-10 and \$50,500 SEG in 2010-11); (b) the Veterans Home at King (\$649,200 PR in 2009-10 and \$1,014,600 PR in 2010-11); and (c) the Veterans Home at Union Grove (\$67,400 PR in 2009-10 and \$161,100 PR in 2010-11).

4. NURSING HOME BED ASSESSMENT INCREASE [LFB Paper 430]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$1,715,600	-\$3,229,600	-\$1,514,000

Governor: Provide \$756,900 in 2009-10 and \$958,700 in 2010-11 to enable DVA to make higher assessment payments to the Department of Health Services to reflect the Governor's proposal to increase the nursing home bed assessment. Under the proposal, the bed assessment would increase from a monthly rate of \$75 per bed to \$150 per bed in 2009-2010 and to \$170 per bed in 2010-11. Currently, the Veterans Home at King has 721 licensed nursing home beds and the Veterans Home at Union Grove has 120 licensed nursing home beds.

Joint Finance/Legislature: Delete provision. In addition, exempt all nursing home beds at the Veterans Home at King and the Veterans Home at Union Grove from the nursing home bed

assessment in the 2009-11 biennium. Reduce funding by \$1,513,900 in 2009-10 and by \$1,715,700 in 2010-11 to reflect: (a) the deletion of the Governor's provision (-\$756,900 in 2009-10 and -\$958,700 in 2010-11); and (b) the elimination of base funding DVA uses to pay the current assessment (-\$757,000 annually). This change also results in an increase in funding provided to DHS of \$1,513,900 GPR in 2009-10 and \$1,715,700 GPR in 2010-11 to reflect that DVA would no longer pay the assessment.

5. RESTORE TURNOVER REDUCTION

PR	\$804,200
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Governor/Legislature: Provide \$402,100 annually to restore funding for DVA care facilities that would be deleted under the standard budget adjustment for turnover. Under this standard budget adjustment, agency appropriations that fund more than 50 permanent positions are reduced by 3% of the adjusted base amount for permanent position salaries to reflect savings most agencies realize as positions become vacant. However, DVA does not realize savings due to staff vacancies and unpaid absences, since other direct care staff work shifts that were previously worked by the departing employee, employees on vacation, and employees on leave. These shifts are funded through the use of overtime, limited-term employees, and contracted direct care staff.

This item would restore annual turnover reductions for the Veterans Home at King (\$316,800), the nursing home at Union Grove (\$58,100) and the assisted living facilities at Union Grove (\$27,200).

6. FURNITURE REPLACEMENT -- VETERANS HOME AT KING

PR	\$600,000
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Governor/Legislature: Provide \$200,000 in 2009-10 and \$400,000 in 2010-11 to fund the purchase of new furniture to replace old and worn furniture at Stordock Hall and Olson Hall at the Veterans Home at King. This funding would be used to fund lease payments, including interest, under a master lease agreement. DVA indicates that current furniture, including beds, tables, chairs, and wardrobes, range in age between 15 to 40 years old and is in need of replacement to meet current industry standards, as well as member expectations. The total cost associated with replacing all worn out furniture is projected to be \$2.2 million.

7. MENTAL HEALTH SERVICES -- VETERANS HOME AT KING [LFB Paper 830]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$558,300	2.00	\$10,000	0.00	\$568,300	2.00

Governor: Provide \$282,400 in 2009-10 and \$275,900 in 2010-11 and 2.0 clinical social worker positions, beginning in 2009-10, to provide additional mental health services at the Veterans Home at King. The Veterans Home at King currently employs 3.0 nurse practitioner

positions and one LTE nurse practitioner and contracts with a consulting psychiatrist for the provision of all mental health services at the Home. As part of this item, the bill would provide \$150,000 annually to contract for additional psychiatric services. DVA indicates the additional staffing is required to adequately serve the growing number of residents in need of psychiatric services.

Joint Finance/Legislature: Reduce funding by \$10,000 in 2009-10 and increase funding by \$20,000 in 2020-11 to reflect a reestimate of the costs of 2.0 clinical social worker positions.

8. STATE SUBSIDIES FOR THE CARE OF INDIGENT VETERANS AT UNION GROVE

PR	\$417,400
SEG	- 417,400
Total	\$0

Governor/Legislature: Repeal the appropriation from the veterans trust fund that subsidizes the cost of care of indigent veterans at the Veterans Home at Union Grove (-\$208,700 SEG annually). Instead, provide \$208,700 PR annually to subsidize these costs. Program revenue is generated primarily from resident contributions, medical assistance payments, and USDVA per diem payments.

Funding for the subsidy program was first provided to DVA in 2005 Act 25 to support veterans who apply to reside at DVA's assisted living facilities at Union Grove, but who lack financial resources due to homelessness, incarceration, or other circumstances that DVA designates by rule. An eligible veteran or dependant may be admitted or reside in the assisted living facilities at Union Grove only if the individual has sufficient income and resources to do so, and applies those resources to fully reimburse DVA for the cost of providing care. If an applicant does not have sufficient income and resources to cover his or her care, the applicant may still be admitted to a DVA assisted living facility if the applicant receives a state subsidy to cover the difference between the cost of their care and the applicant's available income and resources.

The bill would modify DVA's institutional operations appropriation to allocate funding from that appropriation to: (a) subsidize the care of indigent veterans at the Wisconsin Veterans Home at Union Grove; (b) authorize DVA to allocate up to 1% of moneys in the appropriation to support services to indigent veterans under the veterans assistance program; and (c) authorize DVA to provide up to \$100,000 of the amounts credited in the appropriation in each year for the payment of grants to counties and tribes for the improvement of services to veterans. [The statutory changes under (b) and (c) do not reflect the funding changes in the bill relating to these programs.]

[Act 28 Sections: 544 and 547]

9. FOOD

PR	\$443,200
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Governor/Legislature: Provide \$143,500 in 2009-10 and \$299,700 in 2010-11 to fund projected increases in the cost of food at the Veterans Home at King (\$87,200 in 2009-10 and \$183,200 in 2010-11) and the Veterans Home at Union Grove (\$56,300 in 2009-10 and \$116,500 in

2010-11). The amounts reflect a 6% annual inflation factor in food costs at King and a 7% annual increase at Union Grove. The higher projected increase for Union Grove is attributed to transportation costs incurred in transporting food prepared at King to the Union Grove facility.

10. LIMITED-TERM EMPLOYEES -- UNION GROVE

PR	\$146,300
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Governor/Legislature: Provide \$71,300 in 2009-10 and \$75,000 in 2010-11 to fund limited-term employees (LTEs) at the Veterans Home at Union Grove. LTEs are used to temporarily fill vacancies left by permanent staff.

11. OCCUPATIONAL SAFETY

PR	\$100,000
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Governor/Legislature: Provide \$50,000 annually to fund supplies and services that would improve occupational safety and health of staff at the Veterans Home at King. This item is intended to decrease the number of job related injuries and illnesses.

12. HOUSING MAINTENANCE

Governor/Legislature: Change an appropriation that supports, from rental payments, maintenance of state-owned housing at Wisconsin Veterans Homes, from an annual appropriation to a continuing appropriation.

[Act 28 Section: 545]

13. FEASIBILITY STUDY FOR AN ASSISTED LIVING FACILITY IN KENOSHA COUNTY

Joint Finance/Legislature: Require the Department of Veterans Affairs to provide, from an appropriation from the veterans trust fund for costs of administering loans and aids to veterans, \$25,000 SEG in 2009-10 to Kenosha County to conduct a feasibility study on constructing an assisted living facility on property adjacent to Brookside Care Center, located in Kenosha County, to serve veterans and Kenosha County residents in need of assistance with activities of daily living, but who wish to live as independently as possible.

Prohibit the Department from releasing this funding until the DVA Secretary determines that Kenosha County is providing \$25,000 as the County's share of the cost of the feasibility study.

[Act 28 Sections: 551w and 9155(2q)]

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

1. DIVIDENDS FOR WISCONSIN TRANSFER [LFB Paper 177]

	Governor (Chg. to Base)	Legislature (Chg. to Gov)	Net Change
GPR-REV	\$500,000	- \$50,000	\$450,000

Governor: Require WHEDA to transfer \$250,000 from its unencumbered reserves (surplus) to the state's general fund in 2010-11 and in 2011-12. (The intent of the section was to transfer \$250,000 in both 2009-10 and 2010-11.) These transfer amounts are estimated to be 25% of the amounts available for the "Dividends for Wisconsin" plan in each year.

Current law requires WHEDA to set aside its unencumbered reserves for the Dividends for Wisconsin plan. Unencumbered reserves are the assets in WHEDA's general fund that exceed the Authority's operating costs and its reserves required for purposes such as backing of bond issues. WHEDA must certify by each August 31 the unencumbered reserves available as of the preceding June 30, and it must also submit a plan for expending or encumbering the funds. The statutes require WHEDA to designate portions of its unencumbered reserves to: (a) match federal funds awarded under the Stewart B. McKinney Homeless Assistance Act; (b) match federal funds awarded under the home investment partnership program; and (c) fund the property tax deferral loan program administered by WHEDA. WHEDA also allocates its unencumbered reserves for: (a) support of its bond issues; (b) funding of single-family and multifamily housing programs; and (c) small-business and economic development programs.

The 2005-07 and 2007-09 budget acts required WHEDA to transfer the following amounts from its unencumbered reserves to Commerce: (a) \$3 million in 2005-06 and \$2 million in 2006-07 for housing grants and loans; and (b) \$3 million in 2007-08 and in 2008-09 among two appropriations, one for housing grants and loans and another for homeless and transitional housing programs. All transfers were on one-time bases to offset equivalent reductions in Commerce GPR.

Joint Finance: Correct the Governor's recommendation to specify transfers to the general fund of \$250,000 in 2009-10 and in 2010-11.

Senate/Legislature: Reduce the transfer from WHEDA's unencumbered reserves to \$225,000 in 2009-10 and in 2010-11.

[Act 28 Section: 9225]

2. GRANT TO HOUSEHOLD ABUSE VICTIMS EMERGENCY NETWORK OF MERRILL

Senate/Legislature: Require WHEDA to grant \$25,000 each year of the 2009-11 biennium under its Dividends for Wisconsin allocation to the Household Abuse Victims Emergency Network (HAVEN) in Merrill for renovation of a domestic abuse shelter serving Langlade, Lincoln, Taylor, Vilas and Oneida Counties.

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

[Act 28 Vetoed Section: 9125]

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$286,480,600	\$282,619,200	\$287,181,400	\$287,181,400	\$287,181,400	\$700,800	0.2%
FED	66,941,200	67,158,900	66,933,100	66,933,100	66,933,100	- 8,100	0.0
PR	<u>15,958,800</u>	<u>16,239,600</u>	<u>15,585,400</u>	<u>15,585,400</u>	<u>15,585,400</u>	<u>- 373,400</u>	- 2.3
TOTAL	\$369,380,600	\$366,017,700	\$369,699,900	\$369,699,900	\$369,699,900	\$319,300	0.1%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change Over 2008-09 Base
GPR	30.25	30.25	30.25	30.25	30.25	0.00
FED	36.85	36.85	36.85	36.85	36.85	0.00
PR	<u>15.20</u>	<u>15.20</u>	<u>15.20</u>	<u>15.20</u>	<u>15.20</u>	<u>0.00</u>
TOTAL	82.30	82.30	82.30	82.30	82.30	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget as follows: (a) full funding of continuing salaries and fringe (-\$19,200 GPR, \$76,700 FED, and \$29,400 PR annually); and (b) full funding of lease and directed move costs (\$20,700 GPR annually and \$31,800 FED in 2009-10 and \$32,500 FED in 2010-11).

GPR	\$3,000
FED	217,700
PR	<u>58,800</u>
Total	<u>\$279,500</u>

2. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$109,400 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$52,300 GPR, \$44,600 FED, and \$12,500 PR.

GPR	- \$104,600
FED	- 89,200
PR	<u>- 25,000</u>
Total	<u>-\$218,800</u>

3. STATE EMPLOYEE FURLOUGH

GPR	- \$160,200
FED	- 136,600
PR	<u>- 38,400</u>
Total	- \$335,200

Joint Finance/Legislature: Delete \$167,600 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$80,100 GPR, \$68,300 FED, and \$19,200 PR.

4. STATE GENERAL AID TO TECHNICAL COLLEGES [LFB Paper 840]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$3,368,400	\$5,209,600	\$1,841,200

Governor: Decrease funding by \$1,684,200 annually for general state aid to technical colleges, from base level funding of \$118,415,000, which would represent a reduction of 1.4%

Joint Finance/Legislature: Provide \$2,604,800 annually, in order to provide a net increase of \$920,600 annually for general aid. Funding would equal \$119,335,600 annually.

5. ACROSS-THE-BOARD 1% REDUCTIONS [LFB Paper 174]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$496,000	\$0	- \$496,000
PR	<u>- 147,600</u>	<u>1,000</u>	<u>- 146,600</u>
Total	- \$643,600	\$1,000	- \$642,600

Governor: Delete \$248,000 GPR and \$73,800 PR annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$3,651,900	-\$36,500
GPR	Fee remissions	14,300	-100
GPR	Displaced homemakers' program	813,400	-8,100
GPR	Minority student participation and retention grants	589,200	-5,900
GPR	Health care education programs	5,450,000	-54,500
GPR	Incentive grants	6,483,100	-64,800
GPR	Farm training tuition grants	143,200	-1,400
GPR	Services for handicapped students	382,000	-3,800
GPR	Nicolet collegiate transfer	1,073,700	-10,700
GPR	Instructor occupational competency	68,100	-700
GPR	School-to-work programs for children at risk	285,000	-2,900
GPR	Faculty development grants	794,600	-7,900
GPR	Training program grants	3,000,000	-30,000
GPR	Apprenticeship curriculum dev.	71,600	-700

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Driver education	\$307,500	-\$3,100
GPR	Chauffeur training grants	191,000	-1,900
GPR	Supplemental aid	1,432,500	-14,300
GPR	Agricultural education consultant	72,400	-700*
PR	Text materials	123,000	-1,200
PR	Auxiliary services	18,000	-200
PR	Fire schools; state operations	448,200	-4,500
PR	Gifts and grants	20,600	-200
PR	Truck driver training	616,000	-6,200
PR	Conferences	85,900	-900
PR	Personnel certification	296,700	-3,000
PR	Gifts and grants	30,200	-300
PR	Interagency projects; local assistance	3,414,700	-34,100
PR	Interagency projects; state operations	696,200	-7,000
PR	Indian gaming receipts; work-based learning programs	600,000	-6,000
PR	Interagency and intra-agency programs	290,700	-2,900
PR	Services for district boards	136,200	-1,400
PR	EAB--proprietary school programs	518,800	-5,200*
PR	EAB--student protection	60,300	-600
PR	EAB--closed schools; student records preservation	12,900	-100

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Restore the 1% reductions to two gifts and grants appropriations under WTCS, in the amounts of \$200 and \$300, respectively, on an annual basis.

6. AGENCY 5.135% BUDGET REDUCTIONS

Joint Finance/Legislature: Delete \$302,400 (all funds) annually relating to increased agency across-the-board reductions. The reductions are equivalent to 5.135% of base level funding. The reductions include \$191,300 GPR and \$111,100 PR. Annual reduction amounts would be as follows:

GPR	- \$382,600
PR	- <u>222,200</u>
Total	- \$604,800

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	General program operations	\$3,651,900	-\$187,500
PR	Text materials	123,000	-6,300
PR	Auxiliary services	18,000	-900
PR	Truck driver training	616,000	-31,600
PR	Conferences	85,900	-4,400
PR	Personnel certification	302,200	-15,500
PR	Interagency and intra-agency programs	290,700	-14,900
PR	Services for district boards	138,800	-7,100
GPR	Agricultural education consultant	74,200	-3,800
PR	Proprietary school programs	518,800	-26,600
PR	Student protection	60,300	-3,100
PR	Closed schools; preservation of student records	12,900	-700

7. FIRE SERVICE TRAINING [LFB Paper 266]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$369,600	-\$369,600	\$0

Governor: Provide \$144,000 in 2009-10 and \$225,600 in 2010-11 for fire schools local assistance, above base level funding of \$600,000, to offset the cost of providing fire service training programs at technical colleges. Funding for this appropriation comes from fire dues program revenue.

Joint Finance/Legislature: Delete provision.

8. REQUIRE VETERANS AND CERTAIN DEPENDENTS TO USE CERTAIN FEDERAL EDUCATION BENEFITS BEFORE STATE TUITION AND FEES REMISSIONS

Governor: Provide that each district board require any student who is a veteran to use the amount of educational assistance that the student is entitled to under the federal Post-9/11 Veterans Education Assistance Act of 2008 (Post-9/11 G.I. Bill) for the payment of tuition and fees. Reduce the amount of the current law tuition and fee remission by any amount paid by the Post-9/11 G.I. Bill. Under current law, each district board must grant a full remission of tuition and fees, less any amount paid under certain federal programs providing for the education of officers and disabled veterans, for 128 credits or 8 semesters, whichever is longer, to any student who is a veteran and who: (a) entered service from Wisconsin; (b) is a current state resident; and (c) whose service meets certain criteria. Veterans who are not eligible for educational assistance under the Post-9/11 G.I. Bill would not be affected by this proposed change.

Require the Higher Educational Aids Board (HEAB), in consultation with each district board and the WTCS Board, to determine if a student who is a veteran and who is eligible for benefits under both the Post-9/11 G.I. Bill and the federal All-Volunteer Force Educational Assistance Program (Montgomery G.I. Bill) would be eligible for a greater amount of

educational assistance, excluding educational assistance for tuition, under the Montgomery G.I. Bill than under the Post-9/11 G.I. Bill. Require HEAB, in consultation with each district board and the WTCS Board, to calculate the amount by which the educational assistance, excluding assistance for tuition, provided for under the Montgomery G.I. Bill would have been greater than provided for under the Post-9/11 G.I. Bill and to reimburse the student this amount.

Provide that each district board require any resident student who is the spouse, the unremarried surviving spouse, or the child of certain veterans to use the amount of educational assistance that the student is entitled to under the Post-9/11 G.I. Bill for the payment of tuition and fees. Reduce the amount of the current law tuition and fee remission by any amount paid by the Post-9/11 G.I. Bill. Under current law, each district board must grant a full remission of tuition and fees, for 128 credits or 8 semesters, whichever is longer, to any student who is the spouse, the unremarried surviving spouse, or the child of a 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. Spouses, unremarried surviving spouses, and children who are not eligible for educational assistance under the Post-9/11 G.I. Bill would not be affected by this proposed change.

Require the Higher Educational Aids Board (HEAB), in consultation with each district board and the WTCS Board, to determine if a student who is the spouse, the unremarried surviving spouse, or the child of certain veterans and who is eligible for benefits under both the Post-9/11 G.I. Bill and the federal Survivors' and Dependents' Educational Assistance Program (SDEA Program) would be eligible for a greater amount of educational assistance, excluding educational assistance for tuition, under the SDEA Program than under the Post-9/11 G.I. Bill. Require HEAB, in consultation with each district board and the WTCS Board, to calculate the amount by which the educational assistance, excluding assistance for tuition, provided for under the SDEA Program would have been greater than provided for under the Post-9/11 G.I. Bill and to reimburse the student this amount.

Assembly: Modify the provisions such that students who are eligible for benefits under both the Post-9/11 G.I. Bill and the Montgomery G.I. Bill, the Montgomery G.I. Bill for selected reserve members, the Reserve Educational Assistance Program (REAP), or the SDEA Program (other benefit programs) would be eligible to receive reimbursement payments from HEAB. Specify that HEAB reimburse students in June of each academic year. If the total amount of reimbursements due to UW and technical college students in any academic year exceeds the amount of available funding, authorize HEAB to prorate payments. Specify that if payments are prorated, then each district board would make payments to students who were enrolled at each technical college equal to the difference in the amount of reimbursement required under this provision and the amount of reimbursement paid by HEAB.

Provide that a student who is eligible to receive 12 months or less of educational assistance under other benefit programs would not be required to apply the educational assistance that he or she is entitled to under the Post 9/11 G.I. Bill to the payment of tuition and fees before he or she could receive a tuition and fee remission. In addition, modify current law such that the limit

of 128 credits for tuition remissions would apply to the sum of remissions received by an individual at all UW System and WTCS institutions.

Specify that these provisions would take effect on January 1, 2010, and would first apply to students who enroll in the spring, 2010, semester.

Senate: Delete Assembly provision.

Conference Committee/Legislature: Include Assembly provision, except specify that the provision related to the reimbursement of students would take effect on August 15, 2009, and would first apply to students who enroll in the fall, 2009, semester.

Veto by Governor [B-9]: Delete the reference to an academic year for the purpose of calculating the amount of reimbursement payment and delete the references to June for the reimbursement of students and the determination of the total amount of reimbursement payments.

[Act 28 Sections: 753d thru 756f, 770j, 770k, 9323(1q), and 9423(1q)]

[Act 28 Vetoed Sections: 754f, 756f, and 770k]

9. NONRESIDENT TUITION

Governor/Legislature: Provide that, for students who are not residents of this state, nor subject to a reciprocity agreement, nonresident tuition would equal 150% of resident tuition for liberal arts collegiate transfer and postsecondary and vocational-adult programs. Provide that this change would first apply to fees charged to students in the semester beginning after the effective date of the bill.

Under current law, the WTCS Board is required to set nonresident tuition at 100% of the statewide cost per FTE for operating the program in which a student enrolls. In 2008-09, the tuition rate for nonresidents enrolled in postsecondary programs is \$594 per credit, compared to \$97 per credit for resident students. For collegiate transfer programs, nonresident tuition is \$366 per credit, compared to \$132 for residents. As an example, if this proposal had applied in 2008-09, nonresident tuition would have been \$146 per credit, rather than the current \$594 per credit, for postsecondary programs, and \$198 per credit, rather than \$366 per credit, for collegiate transfer programs. In 2006-07, 188.3 FTE students paid full nonresident tuition.

[Act 28 Sections: 752 and 9348(2)]

10. NONRESIDENT TUITION REMISSION FOR CERTAIN UNDOCUMENTED PERSONS

Governor: Require WTCS to consider certain undocumented persons as residents of this state for purposes of admission and tuition if that person meets all of the following

requirements: (a) the person graduated from a Wisconsin high school or received a high school graduation equivalency from this state; (b) the person was continuously present in this state for at least three years following the first day of attending a high school in this state or immediately preceding receipt of a declaration of equivalency of high school graduation; and (c) the person enrolls in a WTCS district institution and provides the institution with an affidavit that the person has filed or will file an application for a permanent resident visa with the U.S. Citizenship and Immigration Services as soon as the person is eligible to do so. Specify that this provision would first apply to persons who enroll for the semester or session following the bill's effective date.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision, but modify such that a person would have to provide the institution with proof that he or she has filed or will file an application for a permanent resident visa rather than an affidavit as under the Governor's provision.

[Act 28 Sections: 751 and 9348(3)]

11. CAPITAL PROJECT EXPENDITURES

Governor/Legislature: Provide that technical college district boards may expend up to \$1,500,000 for a capital project without approval through referendum, which would represent an increase of \$500,000 from the current threshold of \$1,000,000. As under current law, this amount would exclude moneys received from gifts, grants, or federal funds. In addition, increase to \$1,500,000, from \$1,000,000 under current law, the limit on the amount of reserve funds, consisting of property tax revenues and investment earnings, that may be used by the district board to finance capital expenditures in excess of \$1,000,000.

Similarly, modify current law governing municipal borrowing, as it relates to technical college districts, to increase to \$1,500,000 from \$1,000,000 the limit on the amount of money for which a district board may adopt a resolution to issue a bond or promissory note, without submitting the question for approval by referendum. As under current law, a referendum would be required if a petition with sufficient signatures is filed within 30 days.

Provide that these changes would first apply to district board resolutions adopted on the effective date of the bill.

[Act 28 Sections: 749, 750, 1499, 1501, and 9348(1)]

12. TRAINING PROGRAM GRANTS [LFB Paper 841]

Governor: Delete the current law requirement under training program grants (also known as workforce advancement training grants), that allocates a portion of the funding for grants to small businesses, with more restrictive eligibility requirements.

This provision would delete the requirement that \$1,000,000 annually (out of total annual funding of \$2,970,000) be set aside for small businesses. All of the following current law requirements for small businesses to receive moneys from this set aside would be deleted as well: (a) in order to be eligible for a small business grant, the employer is located in this state and either has no more than 100 employees, or had no more than \$10,000,000 in gross annual income in its most recent fiscal year; (b) the WTCS Board may award a grant to a district board to provide skills training or education for a business if all of the following apply: (1) 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; (2) the business agrees in writing to comply with the restrictions on grant use; (3) 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; (4) 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 (5) 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 (c) a grant cannot be used to pay: (1) 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 (2) wages or compensation for lost revenue in connection with providing the training or other education, or otherwise.

Joint Finance: Modify the provision to decrease the small business set aside to \$500,000 annually, rather than \$1,000,000 as under current law. The remaining statutory provisions would be deleted, as under the Governor's provision. Instead, require that a small business employer located in this state applying for a set-aside grant submit an affidavit stating the employer has no more than 100 employees and had no more than \$10,000,000 in gross annual income in its most recent fiscal year. The employer would not be required to disclose its number of employees or income.

Provide training program grants from a biennial appropriation, rather than an annual appropriation as under current law.

Assembly/Legislature: Specify that an employer would be eligible for the small-business set-aside who either has no more than 100 employees or no more than \$10,000,000 in annual income. The Joint Finance provision would have required a business to meet both criteria in order to qualify, while under current law a business can meet either criterion.

[Act 28 Sections: 262s and 758d thru 758t]

WORKFORCE DEVELOPMENT

Budget Summary							
Fund	2008-09 Base Year Doubled	2009-11 Governor	2009-11 Jt. Finance	2009-11 Legislature	2009-11 Act 28	Act 28 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$52,964,200	\$48,924,100	\$47,741,300	\$49,741,300	\$48,241,300	-\$4,722,900	- 8.9%
FED	436,358,200	434,520,000	467,365,400	467,365,400	467,365,400	31,007,200	7.1
PR	104,290,200	148,820,500	141,623,900	141,623,900	141,623,900	37,333,700	35.8
SEG	<u>42,332,800</u>	<u>48,206,300</u>	<u>45,716,100</u>	<u>45,716,100</u>	<u>45,716,100</u>	<u>3,383,300</u>	8.0
TOTAL	\$635,945,400	\$680,470,900	\$702,446,700	\$704,446,700	\$702,946,700	\$67,001,300	10.5%

FTE Position Summary						
Fund	2008-09 Base	2010-11 Governor	2010-11 Jt. Finance	2010-11 Legislature	2010-11 Act 28	Act 28 Change
						Over 2008-09 Base
GPR	145.62	129.73	135.73	135.73	135.73	- 9.89
FED	1,122.81	1,093.65	1,093.65	1,093.65	1,093.65	- 29.16
PR	293.66	300.66	299.66	299.66	299.66	6.00
SEG	<u>103.55</u>	<u>103.55</u>	<u>103.55</u>	<u>103.55</u>	<u>103.55</u>	<u>0.00</u>
TOTAL	1,665.64	1,627.59	1,632.59	1,632.59	1,632.59	- 33.05

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of -\$33,800 GPR, -\$260,400 PR, and \$343,400 SEG annually, -\$57,700 FED, and -4.00 FED positions in 2009-10, and -\$969,700 FED and -22.00 FED positions in 2010-11. The adjustments are for (a) turnover reduction (-\$220,900 GPR, -\$1,528,500 FED, -\$490,600 PR, and -\$163,800 SEG annually); (b) removing non-continuing elements from the base (-\$112,000 FED and -4.00 FED positions in 2009-10, and -\$1,024,000 FED and -22.00 FED positions in 2010-11); (c) full funding of salaries and fringe benefits (\$198,500 GPR, \$1,606,200 FED, \$45,900 PR, and \$521,300 SEG annually); (d) overtime (\$158,300 PR annually); (e) night and weekend differential (\$67,400 PR annually); (f) full funding of lease costs and directed moves (-\$11,400 GPR, -\$23,400 FED, -\$41,400 PR, and -\$14,100 SEG), and (g) minor transfers within the same alpha appropriation.

	Funding	Positions
GPR	-\$67,600	0.00
FED	- 1,027,400	- 22.00
PR	- 520,800	0.00
SEG	<u>686,800</u>	<u>0.00</u>
Total	-\$929,000	- 22.00

2. **ACROSS-THE-BOARD 1% REDUCTIONS** [LFB Paper 845]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$214,600	\$0	-\$214,600
PR	-1,043,400	6,600	-1,036,800
SEG	<u>-351,400</u>	<u>0</u>	<u>-351,400</u>
Total	-\$1,609,400	\$6,600	-\$1,602,800

Governor: Delete \$107,300 GPR, \$521,700 PR, and \$175,700 SEG annually, as part of an across-the-board 1% reduction in most non-federal appropriations. The annual reductions, by appropriation, are shown below:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Workforce development operations	\$7,030,000	-\$70,300
GPR	State supplement to employment opportunity demonstration projects	237,500	-2,400
GPR	Local youth apprenticeship grants	2,200,000	-22,000
GPR	Employment transit aids	550,100	-5,500
GPR	Youth summer jobs programs	500,000	-5,000
PR	Auxiliary services	449,800	-4,500
PR	Local agreements	2,111,600	-21,200*
PR	Unemployment insurance interest and penalty payments	2,033,900	-20,400*
PR	Unemployment insurance tax and accounting system assessments	2,243,100	-22,400*
PR	Workforce development interagency and intra-agency agreements	7,577,400	-75,900*
PR	Administrative services	36,012,400	-360,200
SEG	Worker's compensation operations	11,976,900	-119,800*
SEG	Worker's compensation contracts	100,000	-1,000
SEG	Uninsured employers fund administration	989,500	-9,800*
SEG	Work supplemental benefit fund	4,500,000	-45,100
GPR	Labor and industry review commission operations	207,700	-2,100
PR	Review commission worker's compensation operations	746,900	-7,400*
PR	Enterprises/services for blind and visually impaired	213,000	-2,100
PR	Supervised business enterprise	120,000	-1,200
PR	Vocational rehabilitation services for tribes	350,000	-3,500
PR	Vocational rehabilitation interagency and intra-agency agreements	287,000	-2,900

*Due to other budget items, the final funding level for this appropriation does not represent a 1% reduction.

Joint Finance/Legislature: Restore \$2,100 PR annually in the appropriation for enterprises and services for the blind and visually impaired, and \$1,200 PR annually in the appropriation for supervised business enterprise that were reduced by across-the-board budget reductions. No funds in either of these appropriations are used for operations.

3. FUNDING AND POSITION REDUCTIONS [LFB Paper 175]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$2,883,000	- 9.89	\$2,315,400	6.00	-\$567,600	- 3.89
FED	<u>0</u>	<u>1.89</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>1.89</u>
Total	-\$2,883,000	- 8.00	\$2,315,400	6.00	-\$567,600	- 2.00

Governor: Delete \$1,441,500 GPR and 9.89 GPR positions annually. In addition, 1.89 FED positions would be provided. The annual reductions, by appropriation, are shown below:

- a. Workforce development operations. Delete \$1,260,800 GPR and 9.89 GPR positions.
- b. State supplement to employment opportunity demonstration projects. Delete \$11,900 GPR.
- c. Local youth apprenticeship grants. Delete \$110,000 GPR.
- d. Employment transit aids. Delete \$27,500 GPR.
- e. Workforce investment and assistance federal moneys. Provide 1.89 FED positions.
- f. Labor and industry review commission operations. Delete \$31,300 GPR.

Joint Finance/Legislature: Restore \$511,500 GPR annually to adjust various appropriations funding levels to reflect a redistribution of funding reductions among agency appropriations. The annual amounts of funding restored, by appropriation, are shown below:

Workforce development operations	\$351,600
State supplement to employment opportunity demister projects	11,900
Local youth apprenticeship grants	110,000
Employment transit aids, state funds	27,500
Review Commission operations	10,500

In addition, restore \$646,200 GPR and 6.0 GPR positions annually for civil rights staff related to probable cause cases. The funding and staff were deleted in the bill as part of general agency funding and position reductions. Provisions relating to dismissal of civil rights law complaints for probable cause were included in the bill as introduced by the Governor, but deleted as non-fiscal policy.

4. AGENCY 5.135% BUDGET REDUCTIONS

Joint Finance/Legislature: Delete \$4,865,100 (all funds) annually relating to increased agency across-the-board reductions. The reductions are generally equivalent to 5.135% of base level funding. The reductions include \$1,335,300 GPR, \$2,627,800 PR, and \$902,000 SEG. Annual reduction amounts would be as

GPR	-\$2,670,600
PR	- 5,255,600
SEG	<u>- 1,804,000</u>
Total	-\$9,730,200

follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
GPR	Workforce development program operations	\$7,030,000	-\$361,000
GPR	State supplement to employment opportunity demonstration projects	237,500	-12,200
GPR	Local youth apprenticeship grants	2,200,000	-113,000
GPR	Employment transit aids, state funds	550,100	-28,200
GPR	Youth summer jobs programs	500,000	-25,700
PR	Auxiliary services	449,800	-23,100
PR	Local agreements	2,111,600	-108,400
PR	Unemployment interest and penalty payments	2,033,900	-104,400
PR	Unemployment tax and accounting system; assessments	2,243,100	-115,200
PR	Interagency and intra-agency agreements	7,577,400	-389,100
PR	Administrative services	36,012,400	-1,849,200
SEG	Worker's compensation operations fund; administration	11,976,900	-615,000
SEG	Worker's compensation operations fund; contracts	100,000	-5,100
SEG	Worker's compensation operations fund; uninsured employers program; administration	989,500	-50,800
SEG	Work injury supplemental benefit fund	4,500,000	-231,100
GPR	General program operations, review commission	207,700	-10,700
PR	Worker's compensation operations	746,900	-38,400
GPR	Vocational rehabilitation operations; purchased services for clients	15,277,700	-784,500

5. ELIMINATE 2% GENERAL WAGE ADJUSTMENT

Joint Finance/Legislature: Delete \$1,838,100 (all funds) annually relating to the roll-back of 2% general wage adjustments that were scheduled to take effect on June 7, 2009. The reductions include \$163,400 GPR, \$1,156,600 FED, \$382,600 PR, and \$135,500 SEG.

GPR	- \$326,800
FED	- 2,313,200
PR	- 765,200
SEG	- 271,000
Total	- \$3,676,200

6. STATE EMPLOYEE FURLOUGH

Joint Finance/Legislature: Delete \$2,816,900 (all funds) annually relating to the requirement that state employees take eight days of unpaid annual leave (furlough) in each year of the 2009-11 biennium. The reductions include \$250,400 GPR, \$1,772,600 FED, \$586,300 PR, and \$207,600 SEG.

GPR	- \$500,800
FED	- 3,545,200
PR	- 1,172,600
SEG	- 415,200
Total	- \$5,633,800

7. ALLOCATION OF FEDERAL STIMULUS FUNDING [LFB Paper 610]

FED	\$39,703,800
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Joint Finance/Legislature: Allocate \$39,703,800 in federal funds received under the American Recovery and Reinvestment Act (ARRA) to the Department for state fiscal year 2009-10. The amount of funding and purpose are as follows: (a) \$555,300 for unemployment insurance administration; (b) \$5,840,000 for employment services; (c) \$4,611,500 for vocational

rehabilitation services; and (d) \$28,697,000 for Workforce Investment Act (WIA) youth, adult, and dislocated worker activities. A program-revenue service appropriation used to allocate the federal stimulus funds was deleted.

8. CHIEF LEGAL ADVISOR AND PAYMENTS FOR STATE LEGAL SERVICES [LFB Paper 115]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
PR	\$355,600	1.00	-\$355,600	- 1.00	\$0	0.00

Governor: Provide \$177,800 and 1.0 attorney position annually in DWD. Specify that the DWD Secretary may appoint a chief legal advisor from the unclassified service. Specify that a newly-created Division of Legal Services within the Department of Administration may provide legal services to state agencies and is required to assess agencies for services. Specify that "state agencies" includes an office, commission, department, independent agency, or board in the executive branch including the Building Commission but excluding the Department of Justice and the Department of Public Instruction. [See "Administration -- Transfers to the Department."]

Joint Finance/Legislature: Delete provision.

9. TRANSFER OF REFUGEE SERVICES

	<u>Funding</u>	<u>Positions</u>
FED	-\$12,135,000	- 9.05

Governor/Legislature: Delete \$6,095,300 FED in 2009-10 and \$6,039,700 FED in 2010-11 and 9.05 FED positions in each year to transfer the funding, positions, and administration of the refugee services program to the Department of Children and Families (DCF). The FED administrative appropriation under DWD would be deleted and recreated under DCF.

On the effective date of the bill, the following would occur:

a. The assets and liabilities of DWD that were primarily related to refugee assistance services, including refugee cash and medical assistance; targeted assistance and employee training; refugee social services; older refugees; preventive health; health screening; interpreter training; and bilingual materials development, as determined by the Secretary of Administration, would become the assets and liabilities of DCF.

b. All positions and all incumbent employees holding those positions performing duties that were primarily related to refugee assistance services, as determined by the Secretary of Administration, would be transferred to DCF. Employees who were transferred would have all the rights and the same status in DCF that they had in the DWD immediately before the transfer. An employee who was transferred and had attained permanent status in class would

not be required to serve a probationary period.

c. All tangible personal property of DWD, including records, that were primarily related to refugee assistance services, as determined by the Secretary of Administration, would be transferred.

d. Any matter pending with DWD that was primarily related to refugee assistance services, as determined by the Secretary of Administration, would be transferred to DCF. All materials submitted to or actions taken by DWD with respect to the pending matter would be considered as having been submitted to or taken by DCF.

e. All contracts entered into by DWD that were primarily related to refugee assistance services, as determined by the Secretary of Administration, would remain in effect and be transferred to DCF. DCF would be required to carry out any obligations under those contracts unless modified or rescinded by DCF to the extent allowed under the contract. All rules promulgated by DWD that were primarily related to refugee assistance services would remain in effect until their specified expiration dates or until amended or repealed by DCF.

f. All orders issued by DWD that were primarily related to refugee assistance services would remain in effect until their specified expiration dates or until modified or rescinded by DCF.

The Bureau of Migrant, Refugee, and Labor Services administers the refugee services program in DWD. The Bureau contracts for services with governmental, non-profit, and private agencies and organizations to provide programs that are designed to assist refugees achieve economic self-sufficiency and social self-reliance. Services include bicultural and bilingual employment services, supportive services that include health screening, English as a second language, and family-focused case management. Employment services include assessment, vocational training, job application support, job referral, job retention, and job upgrading.

[Act 28 Sections: 522 and 9156(1)]

10. UNEMPLOYMENT INSURANCE -- BANK SERVICES APPROPRIATION MODIFICATION AND INCREASE [LFB Paper 846]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$3,160,000	-\$1,000,000	\$2,160,000

Governor: Provide increased annual expenditure authority of \$1,580,000 in the unemployment insurance (UI), bank service costs appropriation, and modify the statutory appropriation language to allow the Unemployment Insurance Division to use the appropriation to fund general UI administration expenses. The source of FED funding for the bank service costs appropriation is federal unemployment insurance administration and Reed Act funds.

Under current law, the State Treasurer is authorized to pay banking fees incurred by the state unemployment insurance trust fund, either by maintaining compensating balances in bank accounts, or by transferring balances to the trust fund and paying the fees from the UI bank service costs appropriation, using whichever method earns a higher return to the fund. Federal Reed Act monies are excess federal unemployment insurance taxes from accounts in the federal unemployment trust fund transferred to the states when balances in certain federal accounts exceed statutory limits. A March, 2002, distribution of \$8.0 billion nationwide was made without statutory balances being exceeded. Wisconsin received a distribution of \$166.2 million, which was placed in the state unemployment reserve fund. The transfers require special state legislation for each allocation. Reed Act funds can only be used for UI benefits, UI administration, and unemployment services administration.

Joint Finance/Legislature: Include provision. In addition, delete the UI administration appropriation for Reed Act funds [s. 20.445 (1)(nf)] effective October 1, 2009 and \$1,000,000 FED in 2010-11.

[Act 28 Sections: 519, 519a, 521, 521e, and 9456(3x)]

11. WORKER'S COMPENSATION -- UNINSURED EMPLOYERS FUND APPROPRIATION INCREASE

SEG	\$3,800,000
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Governor/Legislature: Provide increased annual expenditure authority of \$1,900,000 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.

12. EMPLOYMENT AND TRAINING -- REEMPLOYMENT INITIATIVE [LFB Paper 847]

FED	\$2,450,000
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Governor/Legislature: Provide increased funding of \$1,050,000 in 2009-10 and \$1,400,000 in 2010-11 in the unemployment administration, apprenticeship appropriation to provide reemployment services to unemployment insurance claimants. In addition, the statutory appropriation language for the unemployment administration, apprenticeship appropriation would be modified to allow appropriation funds to be used for administration and service delivery of employment and workforce information services, including delivery of reemployment assistance services to unemployment insurance claimants. The additional funding would be used to provide reemployment services through the Division of Employment and Training's Bureau of Job Service and the UI Division's Benefit Operations Bureau. Reemployment services offer intensive job search and job placement assistance to UI claimants. Such services include assistance in resumé building, interviewing, and skill assessments. Areas with the highest rates of profiled UI claimants would be targeted.

The unemployment administration, apprenticeship appropriation is used to fund administration of the Department's apprenticeship programs. The sources of funding for the appropriation are federal unemployment insurance administration and Reed Act funds.

DWD, through the Bureau of Apprenticeship Standards, has the primary responsibility for monitoring apprenticeship programs in Wisconsin. Through a cooperative agreement between the federal government and the state, the Bureau of Apprenticeship and Training of the U.S. Department of Labor works with DWD staff to administer the apprenticeship program in the state. A basic part of the Wisconsin apprenticeship system is the contract between the employer and each apprentice that must be approved by the Bureau of Apprenticeship Standards. The state Bureau in DWD is responsible for ensuring that all provisions of the contract are met.

[Act 28 Section: 520]

13. UNEMPLOYMENT INSURANCE -- INFORMATION TECHNOLOGY SYSTEMS ASSESSMENTS APPROPRIATION INCREASE

PR	\$913,800
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Governor/Legislature: Provide increased annual expenditure authority of \$456,900 in the UI Division, unemployment information technology systems, assessments appropriation. The appropriation is used to fund the costs of developing and implementing the unemployment insurance tax and accounting information technology system, and the benefit and appeals processing system.

An administrative assessment is imposed on employers subject to UI contribution financing for each year through 2009, to fund the costs of developing and implementing the UI Division's information technology systems. Assessment collections are placed in a separate UI information technology systems, assessments, program revenue appropriation. Currently, expenditure authority for the appropriation is \$2,243,100. The assessment equals 0.01% of taxable payroll for the year, or the employer's solvency rate, if the solvency rate is lower than 0.01%. DWD is required to reduce an employer's solvency rate by the assessment rate each year, and the Department is authorized to reduce or eliminate the assessment in any year it determines that a reduced amount of funding would be sufficient to fund information technology systems development and implementation. DWD cannot impose the assessment unless it publishes public notice that the assessment was in effect for that year.

14. UNEMPLOYMENT INSURANCE -- INTEREST AND PENALTY APPROPRIATION INCREASE

PR	\$265,600
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Governor/Legislature: Provide increased annual expenditure authority of \$132,800 in the UI interest and penalty payments appropriation to reflect current revenue and expenditure estimates. The UI interest and penalty payments appropriation funds a number of UI Division functions including: (a) benefit payments in cases where individual employer accounts or the

trust fund balancing account are not charged; (b) paying interest on refunded tax payments; (c) reserve fund research; (d) administration of the UI program or state unemployment insurance programs authorized by the Governor under state law; (e) funding for the Department of Justice to enforce the state UI law; and (f) funding for employment services provided by the Division of Employment and Training for UI claimants. The sources of funding for the interest and penalty payments appropriation are penalties for certain actions related to fraudulent benefit claims, penalties on employers for not filing wage and employment reports in a timely manner or in a prescribed manner and form, and interest on delinquent tax contribution payments.

15. WORKER'S COMPENSATION ADMINISTRATION

SEG	\$1,291,500
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Governor/Legislature: Provide increased expenditure authority of \$467,500 SEG in 2009-10 and \$476,400 SEG in 2010-11 for general administration of the Worker's Compensation (WC) Division, and \$173,400 SEG in 2009-10 and \$174,200 SEG in 2010-11 for administration of the uninsured employers fund to reflect current administrative cost and expenditure estimates. Statutory appropriation language would be modified to require funds for administering the UEF to be transferred from the Division's worker's compensation administration appropriation to the UEF administration appropriation.

Under current law, the source of SEG funding for the Division's administration appropriation is an annual administrative assessment on worker's compensation insurance carriers and self-insured employers in Wisconsin. The source of SEG funding for administration of the UEF is fund revenue.

[Act 28 Sections: 523 and 524]

16. WORKER'S COMPENSATION -- CONVERSION OF INFORMATION TECHNOLOGY SYSTEMS

SEG	\$446,600
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Governor/Legislature: Provide annual expenditure authority of \$223,300 in the Worker's Compensation Division general administration appropriation to fund an upgrade in the Integrated Claims Management System (ICMS), the Division's primary information technology system. The upgrade would be an infrastructure project to make the ICMS system compatible with the Department's database standard. The source of SEG funding is an annual administrative assessment on worker's compensation insurance carriers and self-insured employers.

17. ADMINISTRATIVE SERVICES -- INTERAGENCY AGREEMENTS APPROPRIATION INCREASE

PR	\$43,800,000
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Governor/Legislature: Provide increased annual expenditure authority of \$21,900,000 in the Department's interagency and intra-agency agreements appropriation to reflect current revenue and expenditure estimates. The appropriation funds services provided by DWD to other state agencies and within the Department. The sources of revenue for the appropriation

are fees charged for services provided, including: (a) Bureau of Information Technology staff technical support of the Integrated Database Management System (IDMS) for applications for the Department of Administration; and (b) maintenance of information system applications for the Department of Children and Families.

18. VOCATIONAL REHABILITATION -- FUNDING FOR CASE SERVICES [LFB Paper 848]

GPR	- \$115,400
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Governor: Decrease funding by \$189,400 in 2009-10 and increase funding by \$74,000 in 2010-11 for vocational rehabilitation case services for the Division of Vocational Rehabilitation (DVR) to provide matching funds for increased federal funds. These funding levels reflect the effect of across-the-board and other funding reductions and the amount appropriated for case service aids. [It should be noted that annual GPR funding for case service aids is reduced by \$69,700 for the 2% pay adjustment, \$106,900 for furloughs, and \$784,500 as part of the additional 5.135% agency budget reductions. The total annual reduction under these provisions is \$961,100.]

Under current law, DVR is required to advise and assist any disabled individual who applies to DVR for vocational rehabilitation services. Disabled individuals apply for services and staff counselors arrange evaluations to determine eligibility and subsequent services for those deemed eligible.

The primary source of funds for DVR rehabilitation services is federal Title I-B funds. Each year, the federal government allocates a certain amount of funds to each state. A match of 21.3% state funds to 78.7% federal funds is required to receive federal monies. DVR uses GPR case service and administrative funds to provide this match. In addition, the agency has used an annual appropriation of \$350,000 PR in tribal gaming revenue to provide state matching funding.

Conference Committee/Legislature: Require DVR to include \$15,060,100 GPR as base level funding for the appropriation for case service aids and \$350,000 PR as base level funding for the appropriation for vocational rehabilitation services for tribes in submitting the DWD agency request for the 2011-13 biennial budget.

[Act 28 Section: 9156(2c)]

19. VOCATIONAL REHABILITATION -- REESTIMATE FEDERAL TITLE I-B AIDS AND APPROPRIATION CHANGE

FED	\$5,714,200
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Governor/Legislature: Provide an increase of \$1,884,000 in 2009-10, and \$3,830,200 in 2010-11 to reflect the estimated annual increases in federal Title I-B case service aids allocated to Wisconsin in the appropriation for federal Title I-B rehabilitation aids. In addition, the statutory appropriation language would be modified to clarify that the required annual transfer of

\$600,000 to the Department of Health Services (DHS) be from social security reimbursement funds and not other Title I-B aids.

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 and the funds are placed in an appropriation for federal Title I-B aids. Current appropriation language requires DVR to transfer \$600,000 annually from the appropriation to DHS, for grants to Independent Living Centers. Federal social security reimbursement payments are included with Title I-B aids in the appropriation. The provisions of 2005 Wisconsin Act 25 (the 2005-07 biennial budget) that first required the transfer of funds, intended that the funding that was transferred be from the social security reimbursements. DVR receives social security reimbursement monies for each successfully completed rehabilitation of supplemental security income (SSI) or social security disability insurance (SSDI) recipients.

[Act 28 Section: 525]

20. EQUAL RIGHTS -- WORK PERMIT FEE INCREASE/FUNDING FOR INFORMATION TECHNOLOGY UPGRADE AND ADMINISTRATION [LFB Paper 849]

	Funding	Positions
GPR	-\$759,500	- 6.00
PR	<u>759,500</u>	<u>6.00</u>
Total	\$0	0.00

Governor: Delete \$325,500 GPR in 2009-10, \$434,000 GPR in 2010-11, and 6.00 GPR positions annually and provide expenditure authority of \$325,500 PR in 2009-10, \$434,000 PR in 2010-11, and 6.00 PR positions beginning in 2009-10 to convert the funding source for the positions from GPR to PR, and to provide funding for Equal Rights Division administration and an upgrade of the Division's information technology system. The source of program revenue would be from increasing the work permit fee by \$5 (from \$5 to \$10). It is estimated that the fee increase would generate an additional \$480,000 in annual collections. The revenues generated by the fee would be placed in a newly-created continuing program revenue appropriation that would fund the cost of the Department's information technology (IT) systems, including the child labor permit system, and other operational expenses of the Equal Rights Division. The information system upgrade would involve infrastructure projects to make the Division's IT systems compatible with the Department's database software standard.

A work permit is required for anyone under the age of 18 to work a job (with certain exceptions for agriculture and domestic service). Under current law, the fee is determined by DWD, and must be based on the cost of issuing the permits. The \$5 amount is not specified in the statutes. The fee is currently distributed as follows: (a) \$2.50 is retained by the issuing agency, such as schools and counties; and (b) \$2.50 is deposited in the general fund.

The bill would not establish the \$10 fee amount in the statutes, but the bill would eliminate the requirement that the fee be based on the costs of issuance. The administration's *Executive Budget Book* states that the fee would be increased to \$10. As drafted, the bill would specify that all monies collected from the fee, except funds that DWD authorizes the issuing

agency to retain, would be deposited into the new PR appropriation. However, the administration's intent is for the first \$5 of the fee to be distributed as under current law (\$2.50 to the issuing agency, and \$2.50 to the general fund), and for just the additional \$5 to be deposited into the new PR appropriation. The bill would need to be amended to achieve the administration's intent.

Joint Finance/Legislature: Include provision. In addition, create statutory provisions that specify that the work permit fee would be established at \$10 and require that \$2.50 be retained by the issuer, \$2.50 be placed in the general fund, and \$5.00 be placed in the newly-created child labor permit system appropriation. Also, the new child labor permit system appropriation would be an annual appropriation.

[Act 28 Sections: 517d and 2206d]

21. EQUAL RIGHTS LABOR STANDARDS -- LOCAL AND MUNICIPAL PUBLIC WORKS PROJECT PREVAILING WAGE APPLICABILITY THRESHOLDS, RECORDS, AND PUBLICLY FUNDED PRIVATE CONSTRUCTION PROJECTS [LFB Paper 850]

Governor: Modify prevailing wage applicability thresholds and provisions related to employee records for local and state public works projects, and create a prevailing wage law applicable to publicly funded private construction projects. The specific provisions include the following:

Applicability Thresholds for Public Work Projects. The current estimated project cost of completion for single-trade projects and multiple-trade projects below which state prevailing wage law provisions would not apply for local and state public works projects would be eliminated. Instead, \$2,000 would be the estimated project cost of completion below which state prevailing wage law provisions would not apply for all state and local public works projects. The definitions of "single-trade public works project" and "multiple-trades public works project" would be repealed, and DWD would no longer be required to annually adjust, to reflect changes in construction costs, the threshold amount below which prevailing wage law would not apply. These provisions would take effect on January 1, 2010.

Required Records. Each contractor, subcontractor, or contractor's or subcontractor's agent that performed work on a state or local public works project would be required to submit, to the contracting local governmental unit or state agency, weekly certified records indicating the name and trade occupation of every person subject to prevailing wage laws, and an accurate record of the hours worked and wages paid to those persons during the preceding week. This provision would first apply to work performed on the bill's general effective date, unless existing contracts contained conflicting provisions. In that case, the new provision would first apply to work performed on the day on which the contract expires or is extended, modified, or renewed.

Frivolous Complaints. Current provisions that authorize a person, subject to prevailing wage provisions, to request that DWD inspect the records of any contractor, subcontractor, or

agent to determine compliance with prevailing wage laws would be modified to require that the person be charged the costs of inspection if the contractor, subcontractor, or agent is found to be in compliance with the law and the Department finds that the request is frivolous. A person not subject to prevailing wage provisions making a similar frivolous request would pay the greater of \$250 or the cost of the inspection. In order to find that a request was frivolous, DWD would be required to determine that the person making the request made the request in bad faith, solely for the purpose of harassing or maliciously injuring the contractor, subcontractor, or agent subject to the inspection, or that the person making the request knew, or should have known, that there was no reasonable basis for believing that a violation of prevailing wage provisions had been committed. This provision would take effect on the bill's general effective date.

References to Federal Law. Cross references to certain federal prevailing wage law provisions would be updated.

Publicly Funded Private Construction Projects. A state prevailing wage law would be established for publicly funded private construction projects. Specifically, any owner or developer of real property who entered into a contract for the erection, construction, remodeling, repairing, or demolition of any publicly funded private construction project on that real property would be required to include in the contract a stipulation that employees could not work a greater number of hours per day or per week than the prevailing hours of labor. However, such an employee would be permitted or could be required to work more than the prevailing hours of labor per day and per week, if he or she was paid for all hours worked in excess of the prevailing hours of labor at a rate of at least 1.5 times his or her hourly basic rate of pay. In addition, the employee could not be paid less than the prevailing wage rate in the same or most similar trade or occupation in the area in which the project was situated. These provisions would not apply to any project for which the estimated cost of completion was less than \$2,000.

The prevailing wage and hours of work provisions would apply to all laborers, workers, mechanics, and truck drivers: (a) employed on the site of a publicly funded private construction project; or (b) employed in the manufacturing or furnishing of materials, articles, supplies, or equipment on the site of a publicly funded private construction project, or from a facility dedicated exclusively, or nearly so, to a publicly funded private construction project by a contractor, subcontractor, agent, or other person performing any work on the site of the project.

A laborer, worker, mechanic, or truck driver who was regularly employed to process, manufacture, pick up, or deliver materials or products from a commercial establishment that had a fixed place of business from which the establishment regularly supplied processed or manufactured materials or products would not be entitled to receive the prevailing wage rate or to receive at least 1.5 times his or her hourly basic rate of pay for all hours worked in excess of the prevailing hours of labor unless either of the following applied:

a. The individual was employed to go to the source of mineral aggregate (such as sand, gravel, or stone) that was to be immediately incorporated into the work, and not

stockpiled or further transported by truck, and to pick up that mineral aggregate, and deliver that mineral aggregate to the site of a publicly funded private construction project that was subject to prevailing wage provisions by depositing the material substantially in place, directly or through spreaders from the transporting vehicle.

b. The individual was employed to go to the site of a publicly funded private construction project that was subject to prevailing wage provisions, pick up excavated material or spoil from the site of the project, and transport that excavated material or spoil away from the site of the project.

A truck driver who was an owner-operator of a truck would have to be paid separately for his or her work and for the use of his or her truck.

Before the owner or developer of any publicly funded private construction project entered into a contract or solicited bids on a contract for the performance of any work, the owner or developer would be required to apply to DWD to determine the prevailing wage rate for each trade or occupation required in the work under contemplation in the area in which the work is to be done. The Department would be required to conduct investigations and hold public hearings as necessary to define the trades or occupations that were commonly employed on publicly funded private construction projects, and to determine the prevailing wage rates in all areas of the state for those trades or occupations, in order to determine the prevailing wage rate for each trade or occupation. DWD would have to issue its determination within 30 days after receiving the request, and file the determination with the owner or developer applying for the determination and with the local governmental unit providing financial assistance for the project.

Upon petition of any owner or developer contracting for a publicly funded private construction project, DWD would be required to issue an order exempting the owner or developer from applying to the Department for a prevailing wage rate determination if the project was also subject to an ordinance or other enactment of a local governmental unit that set forth standards, policy, procedure, and practice resulting in standards as high or higher than the state prevailing wage provisions.

By January 1 of each year, DWD would be required to compile the prevailing wage rates for each trade or occupation in each area. In addition to the current prevailing wage rates, the compilation would have to include future prevailing wage rates when those prevailing wage rates could be determined for any trade or occupation in any area, and to specify the effective date of those future prevailing wage rates. If a publicly funded private construction project extended into more than one area, there would be one standard of prevailing wage rates for the entire project.

In determining prevailing wage rates, DWD could not use data from projects that were subject to state and federal prevailing wage laws, unless the Department determined that there was insufficient wage data in the area to determine those prevailing wage rates. In such cases the Department could use data from those projects.

Any person could request a recalculation of any portion of an initial determination within

30 days after the initial determination date if the person submitted evidence with the request showing that the prevailing wage rate for any given trade or occupation included in the initial determination did not represent the prevailing wage rate for that trade or occupation in the area. The evidence would have to include wage rate information reflecting work performed by persons working in the contested trade or occupation in the area during the current survey period. The Department would be required to affirm or modify the initial determination within 15 days after the date on which the Department received the request for recalculation.

In addition to a recalculation, the owner or developer that requested the determination could request a review of any portion of the determination, within 30 days after the date of issuance of the determination, if the owner or developer submitted evidence with the request showing that the prevailing wage rate for any given trade or occupation included in the determination did not represent the prevailing wage rate for that trade or occupation in the city, village, or town in which the proposed publicly funded private construction project was located. That evidence would have to include wage rate information for the contested trade or occupation on at least three similar projects located in the city, village, or town where the proposed publicly funded private construction project was located on which some work had been performed during the survey period, and which were considered by the Department in issuing its most recent prevailing wage compilation. DWD would be required to affirm or modify the determination within 15 days after the date on which it received the request for review.

A reference to the prevailing wage rates and the prevailing hours of labor would have to be published in any notice issued for the purpose of securing bids for the publicly funded private construction project. If any contract or subcontract for a publicly funded private construction project was entered into, the prevailing wage rates and the prevailing hours of labor would have to be physically incorporated into and made a part of the contract or subcontract. However, for a minor subcontract, as determined by the Department, the method of notifying the minor subcontractor of the prevailing wage rates and prevailing hours of labor applicable to the subcontract, would be prescribed by rule by DWD. The prevailing wage rates and prevailing hours of labor applicable to a contract or subcontract could not be changed during the time that the contract or subcontract is in force. For the information of the employees working on the project, the prevailing wage rates determined by the Department, the prevailing hours of labor, and the provisions of state law would have to be posted by the owner or developer in at least one conspicuous and easily accessible place on the site of the project.

If DWD found that an owner or developer had not requested a prevailing wage determination, or that an owner, developer, contractor, or subcontractor had not physically incorporated a determination into a contract or subcontract, or had not notified a minor subcontractor of a determination in the manner prescribed by the Department by rule, the Department would be required to notify the owner, developer, contractor, or subcontractor of the noncompliance, and file the determination with the owner, developer, contractor, or subcontractor within 30 days after the notice.

After completion of a publicly funded private construction project and before receiving final payment for his or her work on the project, each agent or subcontractor would be required

to furnish the contractor with an affidavit stating that the agent or subcontractor had complied fully with the requirements of the prevailing wage law. A contractor could not authorize final payment until the affidavit was filed in proper form and order. Similarly, after completing a publicly funded private construction project and before receiving final payment for his or her work on the project, each contractor would be required to file with the owner or developer contracting for the work, an affidavit stating that the contractor had complied fully with the requirements of the prevailing wage law, and that the contractor had received an affidavit from each of the contractor's agents and subcontractors. An owner or developer could not authorize a final payment until the affidavit was filed in proper form and order. If an owner or developer authorized a final payment before the affidavit was filed in proper form and order, or if DWD determined, based on the greater weight of the credible evidence, that any person performing work covered by the prevailing wage law was or may have been paid less than the prevailing wage rate, or less than 1.5 times the hourly basic rate of pay for all hours worked in excess of the prevailing hours of labor, and the Department requested that the owner or developer withhold all or part of the final payment, but the owner or developer failed to do so, the owner or developer would be liable for all back wages payable up to the amount of the final payment.

Each contractor, subcontractor, or agent performing work on a publicly funded private construction project that was subject to the prevailing wage law, would be required to keep full and accurate records clearly indicating the name and trade or occupation of every person performing the work on the project, and an accurate record of the number of hours worked by each of those persons and the actual wages paid for the hours worked. By no later than the end of the week following a week in which a contractor, subcontractor, or contractor's or subcontractor's agent performed work on a project, the contractor, subcontractor, or agent would be required to submit, to the contracting owner or developer, a certified record of the name and trade or occupation of every person performing the work on the project, and of the number of hours worked by each of those persons and the actual wages paid for that preceding week.

DWD or the local governmental unit that provided financial assistance for a publicly funded private construction project would be authorized to demand and examine, and every contractor, subcontractor, and contractor's or subcontractor's agent would be required to keep, and furnish upon request by the Department or local governmental unit, copies of payrolls and other records and information relating to the wages paid to persons performing work covered by the prevailing wage law. DWD could inspect records in the manner authorized under state labor standards law. Every contractor, subcontractor, or agent performing work on a publicly funded private construction project covered by the prevailing wage law would be subject to state law requirements relating to the examination of records. State law provisions related to prohibition of employment discrimination would apply to discharge and other discriminatory acts arising in connection with any proceeding under the prevailing wage provisions.

If requested by any person, DWD would be required to inspect the payroll records of any contractor, subcontractor, or contractor's or subcontractor's agent performing work on a publicly funded private construction project that was subject to the prevailing wage law to ensure compliance. In the case of a request made by a person performing work covered by the law, if DWD found that the contractor, subcontractor, or agent subject to the inspection was in

compliance and that the request was frivolous, the Department would be required to charge the person making the request the actual cost of the inspection. In the case of a request made by a person not performing work subject to the prevailing wage law, if the Department found that the contractor, subcontractor, or agent subject to the inspection was in compliance, and that the request was frivolous, the Department would be required to charge the person making the request the greater of \$250 or the actual cost of the inspection. In order to find that a request was frivolous, DWD would be required to find that the person making the request made the request in bad faith, solely for the purpose of harassing or maliciously injuring the contractor, subcontractor, or agent subject to the inspection, or that the person making the request knew, or should have known, that there was no reasonable basis for believing that a violation of the law had been committed.

Current law DWD enforcement powers would generally apply; however, penalty provisions would not apply to any person who failed to provide any information to the Department to assist in determining prevailing wage rates in certain cases. Certain state provisions related to prohibition of employment discrimination would apply to discharge and other discriminatory acts arising in connection with any proceeding under the prevailing wage law.

Any contractor, subcontractor, or contractor's or subcontractor's agent who failed to pay the prevailing wage rate determined by DWD, or who paid less than 1.5 times the hourly basic rate of pay for all hours worked in excess of the prevailing hours of labor, would be liable to any affected employee in the amount of his or her unpaid wages or his or her unpaid overtime compensation and for an additional equal amount as liquidated damages. An action to recover the liability could be maintained in any court of competent jurisdiction by any employee for and in behalf of that employee and other employees similarly situated. No employee could be a party plaintiff to the action, unless the employee consented in writing to become a party, and the consent was filed in the court in which the action was brought. In addition to any judgment awarded to the plaintiff, the court would be required to allow reasonable attorney fees and costs to be paid by the defendant.

Any contractor, subcontractor, or contractor's or subcontractor's agent who violated these provisions, with certain exceptions outlined below, could be fined not more than \$200 or imprisoned for not more than six months or both. Each day that any violation continued would be considered a separate offense. This provision would not apply to a person who failed to provide any information to assist the Department in determining prevailing wage rate.

Anyone who induced a person who sought to be, or was employed on any publicly funded private construction project, that was subject to the prevailing wage law, to give up, waive, or return any part of the wages to which the person was entitled under the contract governing the project, or who reduced the hourly basic rate of pay normally paid to a person for work on a project that was not subject to the prevailing wage law during a week in which the person worked both on a project that was subject to the law, and on a project that was not subject to the law, by threat not to employ, by threat of dismissal from employment, or by any other means, would be guilty of a criminal offense, under current law provisions governing violation of prevailing wage laws.

A person employed on a publicly funded private construction project that was subject to the prevailing wage law, who knowingly permitted a contractor, subcontractor, or contractor's or subcontractor's agent to pay him or her less than the prevailing wage rate set forth in the contract governing the project, who gave up, waived, or returned any part of the compensation to which he or she was entitled under the contract, or who gave up, waived, or returned any part of the compensation to which he or she was normally entitled, for work on a project that was not subject to the prevailing wage law, during a week in which the person worked both on a project that was subject to the law, and on a project that was not subject to the law, would be guilty of a criminal offense under provisions governing violation of prevailing wage laws.

Anyone who induced a person who sought to be or was employed on any publicly funded private construction project that was subject to the prevailing wage law, to permit any part of the wages to which the person was entitled under the contract governing the project to be deducted from the person's pay would be guilty of a criminal offense under provisions governing violation of prevailing wage laws, unless the deduction would be permitted under federal law for a person who is working on a project that is subject to federal prevailing wage provisions.

A person employed on a publicly funded private construction project who knowingly permitted any part of the wages to which he or she was entitled, under the contract governing the project, to be deducted from his or her pay would be guilty of a criminal offense under provisions governing violation of prevailing wage laws, unless the deduction would be permitted under federal law for a person who is working on a project that is subject to federal prevailing wage provisions.

DWD would be required to notify any owner or developer applying for a prevailing wage determination, and any owner or developer that was exempt, of the names of all persons whom the Department found to have failed to pay the prevailing wage rate or found to have paid less than 1.5 times the hourly basic rate of pay for all hours worked in excess of the prevailing hours of labor at any time in the preceding three years, with certain exceptions. The Department would be required to include with each name, the address of the person, and to specify when the person failed to pay the prevailing wage rate, and when the person paid less than 1.5 times the hourly basic rate of pay for all hours worked in excess of the prevailing hours of labor. An owner or developer could not award any contract to the person, unless otherwise recommended by DWD, or unless three years elapsed from the later of the date on which the Department issued its findings, or the date of final determination by a court of competent jurisdiction. The notification could not include the name of any person on the basis of having let work to a person whom the Department found to have failed to pay the prevailing wage rate, or found to have paid less than 1.5 times the hourly basic rate of pay for all hours worked in excess of the prevailing hours of labor.

These provisions would not apply to any contractor, subcontractor, or contractor's or subcontractor's or agent that, in good faith, committed a minor violation, as determined on a case-by-case basis through administrative hearings with all rights to due process afforded to all parties, or that had not exhausted or waived all appeals.

A person submitting a bid or negotiating a contract on a publicly funded private construction project that was subject to these provisions would be required, on the date on which the person submitted the bid, to identify any construction business in which the person, or a shareholder, officer, or partner of the person, if the person was a business, owned at least a 25% interest on the date the person submitted the bid, or at any other time within three years preceding the date on which the person submitted the bid or negotiated the contract, if the business was found to have failed to pay the prevailing wage rate or to have paid less than 1.5 times the hourly basic rate of pay for all hours worked in excess of the prevailing hours of labor.

DWD would be required to promulgate rules to administer these provisions.

The prevailing wage law for publicly funded private construction projects would be subject to other state law provisions that apply to the current prevailing wage law including limits on access to certain employee information, inclusion of wage rate data in determining prevailing wages for state highway construction projects, substance abuse prevention on projects, exclusion from certain minimum wage requirements, wage claim coverage, prohibitions against employment discrimination, and criminal penalties for certain employer or employee actions.

For purposes of determining prevailing wages, "area" would mean: (a) the county in which a proposed publicly funded private construction project was located; or (b) if DWD determined that there was insufficient wage data in that county, those counties that were contiguous to that county; or (c) if the Department determined that there was insufficient wage data in those counties, "area" would mean those counties that are contiguous to those counties; or (d) if the Department determined that there was insufficient wage data in those counties, "area" would mean the entire state. If the Department was requested to review a determination because the prevailing wage did not represent the municipal prevailing wage for a trade or occupation, "area" would mean the city, village, or town in which a proposed publicly funded private construction project was located.

"Publicly funded private construction project" would be defined as a construction project, other than a project of public works, that receives financial assistance from a local governmental unit.

"Financial assistance" would be defined as any grant, cooperative agreement, loan, contract (other than a public works contract, a supply procurement contract, a contract of insurance or guaranty, or a collective bargaining agreement), or any other arrangement by which a local governmental unit provided or otherwise made available assistance in any of the following forms: (a) funding; (b) a transfer or lease of real or personal property of the local governmental unit or of any interest in or permission to use, other than on a casual or transient basis, that property for less than fair market value or for reduced consideration; (c) proceeds from a subsequent transfer or lease of real or personal property transferred or leased from the local governmental unit, if the local governmental unit's share of the fair market value of the property was not returned to the local governmental unit; or (d) a redevelopment contract, economic development agreement, revenue agreement, contract, or assistance provided under specified municipal law provisions (industrial development revenue bonding, tax incremental

financing, blight elimination and slum clearance, and business improvement districts).

"Hourly basic rate of pay", "insufficient wage data", "local governmental unit", "prevailing hours of labor" and "truck driver" would be defined under current local and state public works project prevailing wage law provisions.

Generally, "prevailing wage rate" for any trade or occupation engaged in the erection, construction, remodeling, repairing, or demolition of any publicly funded private construction project in any area would mean the hourly basic rate of pay, plus the hourly contribution for health insurance benefits, vacation benefits, pension benefits, and any other bona fide economic benefit, paid directly or indirectly, for a majority of the hours worked in the trade or occupation on projects in the area. If there was no rate at which a majority of the hours worked in the trade or occupation on projects in the area was paid, "prevailing wage rate" would mean the average hourly basic rate of pay, weighted by the number of hours worked, plus the average hourly contribution, weighted by the number of hours worked, for health insurance benefits, vacation benefits, pension benefits, and any other bona fide economic benefit, paid directly or indirectly for all hours worked at the hourly basic rate of pay of the highest-paid 51% of hours worked in that trade or occupation on projects in that area.

These provisions would take effect on the bill's general effective date.

Current law requires DWD to determine prevailing wage rates for all types of local public works projects, state public works projects (except highways and bridges), and state contracted highway construction projects. DWD enforces local and state prevailing wages laws, while the Department of Transportation enforces prevailing wage laws for highway construction projects.

Generally, state and local government prevailing wage laws require that certain laborers, workers, mechanics, and truck drivers employed on a state or local public works project be paid the prevailing wage rate determined by DWD, and may not be permitted to work a greater number of hours per day or per week than the prevailing hours of labor, unless they are paid for all hours worked in excess of the prevailing hours of labor at a rate of at least 1.5 times their hourly basic rate of pay. The term "prevailing wage rate" means the hourly basic rate of pay, plus the hourly contribution for health insurance benefits, vacation benefits, pension benefits and any other bona fide economic benefit, paid directly or indirectly for a majority of the hours worked in a trade or occupation on projects in an area (generally the county). To determine prevailing wage rates and hours of work for local and state public works projects, DWD conducts an annual survey of wages and fringe benefits paid to, and hours worked by, individuals employed in the construction and related industries in each of the state's 72 counties.

Before bids are solicited for any public works project, the state agency or local governmental unit having the authority to contract is required to apply to DWD to determine the prevailing wage rate for each trade or occupation required in the work under contemplation in the area in which the work is to be done. The Department conducts investigations and holds public hearings, as necessary, to define the trades or occupations that are commonly employed on projects that are subject to the prevailing wage laws, and to obtain information concerning the prevailing wage rates in all areas of the state for those trades or occupations, in order to

determine the prevailing wage rate for each trade or occupation. DWD issues its determination within 30 days after receiving the request. The prevailing wage rates determined by the Department and the prevailing hours of labor must be posted in at least one conspicuous and easily accessible place on the site of the project.

Most projects must exceed a specified dollar threshold to be covered by prevailing wage laws. Thresholds are established for single trade and multiple-trade projects. As of January 1, 2009, the threshold for a single-trade project is \$48,000, and the threshold for a multiple-trade project is \$234,000. Prevailing wage laws do not apply to projects below these thresholds. A "single trade project" is defined as one in which a single trade (such as a carpenter, glazier, or electrician) accounts for 85% or more of the total labor cost of the project. A "multiple-trade project" is defined as one in which no single trade accounts for more than 85% of the total labor cost of the project. (State highway and bridge projects have no threshold, and are all covered by the law.) Most work performed on the site of a project subject to any of these laws must normally be paid for at the proper prevailing wage rate. The thresholds are adjusted every year in proportion to the change in construction costs, as measured by the construction cost index as published in Engineering News-Record.

Each contractor, subcontractor, or contractor's or subcontractor's agent performing work on a project is required to keep full and accurate records clearly indicating the name and trade or occupation of every person performing the work, and an accurate record of the number of hours worked by each of those persons and the actual wages paid for the hours worked. If requested by an individual, DWD is required to inspect the payroll records of any contractor, subcontractor, or agent performing work on a project to ensure compliance with record keeping requirements. If the contractor, subcontractor, or agent subject to the inspection is found to be in compliance, and if the person making the request is a person performing the work subject to prevailing wage laws, the Department charges the person making the request the actual cost of the inspection. If the contractor, subcontractor or agent subject to the inspection is found to be in compliance, and if the person making the request is not a person performing the work subject to prevailing wage law, DWD is required to charge the person making the request the greater of \$250 or the actual cost of the inspection.

Criminal penalties may be imposed in cases where threat to not employ or to dismiss, or other means are used to:

a. Induce an individual employed or seeking to be employed on a public works project to return, waive, or give up any part of wages to which the person is entitled under the contract governing the project.

b. Reduce the hourly basic rate of pay normally paid to a person for work on a project not covered by prevailing wage laws, while that person is also working on a project covered by prevailing wage laws.

In addition, criminal penalties may also be imposed on an individual who is employed on a project subject to prevailing wage laws who knowingly permits a contractor, subcontractor, or contractor's or subcontractor's agent to pay him or her less than the prevailing wage rate set forth in the contract governing the project, or who gives up, waives, or returns

any part of the compensation to which he or she is entitled under the contract, or who gives up, waives, or returns any part of the compensation to which he or she is normally entitled for work on a project that is not subject to prevailing wage laws during a week in which the person is also working on a project subject prevailing wage laws.

An employer can be debarred for up to three years if it is determined that the employer has: (a) failed to pay a worker the proper prevailing wage rate; (b) failed to pay a worker at least 1.5 times the proper hourly basic rate of pay for all hours worked in excess of 10 hours per day or 40 hours per week; (c) induced a worker to give up, waive, or return any part of the wages earned on a public works project; or (d) falsified, deliberately destroyed, or failed to keep the required payroll records on a public works project. Debarment can be imposed against an employer, including its responsible officers, directors, members, shareholders, or partners, provided such an individual is vested with the management of the affairs of the individual or legal entity.

Current law specifically provides that any employer, or any agent or employee of an employer, who induces any person who seeks to be or is employed on a project, on which a prevailing wage rate determination has been issued by DWD or local governmental unit, to give up, waive, or return any part of the compensation to which that person is entitled under his or her contract of employment or under the prevailing wage rate determination, or who reduces the hourly basic rate of pay normally paid to an employee for work on a project on which a prevailing wage rate determination has not been issued, during a week in which the employee works both on a project on which a prevailing wage rate determination has been issued and on a project on which a prevailing wage rate determination has not been issued, is guilty of a Class I felony.

Any person employed on a project on which a prevailing wage rate determination has been issued by DWD or by a local governmental unit, who gives up, waives, or returns to the employer or agent of the employer any part of the compensation to which the employee is entitled under his or her contract of employment or under the prevailing wage determination issued by the Department or local governmental unit, or who gives up any part of the compensation to which he or she is normally entitled for work on a project on which a prevailing wage rate determination has not been issued during a week in which the person works part-time on a project on which a prevailing wage rate determination has been issued and part-time on a project on which a prevailing wage rate determination has not been issued, is guilty of a Class C misdemeanor.

Any employer or labor organization, or any agent or employee of an employer or labor organization, who induces any person who seeks to be or is employed on a project on which a prevailing wage rate determination has been issued by DWD or by a local governmental unit, to permit any part of the wages to which that person is entitled under the prevailing wage rate determination to be deducted from the person's pay, is guilty of a Class I felony, unless the deduction would be permitted under certain federal law provisions.

Any person employed on a project on which a prevailing wage rate determination has been issued by DWD or by a local governmental unit, who permits any part of the wages to

which that person is entitled under the prevailing wage rate determination to be deducted from his or her pay is guilty of a Class C misdemeanor, unless the deduction would be permitted under certain federal law provisions.

Under current law, an employee is prohibited from using, possessing, attempting to possess, distributing, delivering, or being under the influence of a drug, or from using or being under the influence of alcohol, while performing the work subject to prevailing wage laws on a project. In addition, an employer that begins a public works project subject to prevailing wage laws must generally have a random substance abuse testing program in place. An employer may not permit an employee to work on a public works project, if the employee violated the substance abuse provisions while on the job, or tests positive for the presence of a drug in his or her system, or who refuses to submit to alcohol or drug testing under the employer's program.

Joint Finance: Modify provisions related to the state prevailing wage law for municipal and state public works projects, and the creation of a state prevailing wage law for publicly funded private construction projects as follows:

a. Provide that the threshold below which state prevailing wage law would not apply would be \$25,000 for both a single-trade project and multiple-trade project (rather than \$2,000 under the Governor's proposal).

b. Provide that the state prevailing wage law would not apply to: (1) public works projects in which the labor for the project is provided by unpaid volunteers; and (2) minor service maintenance or warranty work.

c. Provide that the prevailing wage law would not apply to a publicly funded private construction project that received less than \$1,000,000 in direct financial assistance from a local governmental unit.

d. Specify that the prevailing wage law for state and municipal public works projects would apply to roads, streets, bridges, sanitary sewers, and water mains that will be turned over to a municipality or state for public ownership. This provision would first apply to projects submitted to a municipality or the state on or after January 1, 2010.

e. Specify in the statutes that a contract subject to the prevailing wage requirements includes an agreement between two or more local units of government in which one unit of government performs covered work for the other unit of government.

f. Specify that the prevailing wage for local and state projects applies to buildings purchased or otherwise acquired by, or dedicated, to local units of government or the state, in lieu of those entities contracting for construction of the buildings.

g. Provide that the intent of d. and f. is to clarify and affirm, rather than expand or change the intent, interpretation on an enforcement of existing law as it pertains to turn-key construction.

h. Retain current law provisions that require each contractor, subcontractor, or contractor's or subcontractor's agent performing work on a project of public works or publicly-

funded private construction project that is subject to state prevailing wage laws to keep full and accurate records clearly indicating the name and trade or occupation of every person performing the work and an accurate record of the number of hours worked by each of those persons and the actual wages paid for the hours worked. By no later than the end of the first week of a month following a month in which a contractor, subcontractor, or contractor's or subcontractor's agent performs work on a project of public works or publicly funded private construction project that is subject to the state prevailing wage law, the contractor, subcontractor, or agent would be required to submit to DWD in an electronic format a certified record of the required employee records for that preceding month. This requirement would not apply to a person performing work subject to the state prevailing wage law who was covered under a collective bargaining agreement. Instead, the contractor, subcontractor, or agent would be required to submit to DWD in an electronic format a copy of the collective bargaining agreement specifically applicable to the work on that project by no later than the end of the first week of the first month in which the contractor, subcontractor, or agent performed work on the project of public works or publicly funded private construction project.

DWD would be required to post on its Internet site all certified records and collective bargaining agreements submitted to the Department, except that the Department could not post on that site the name of or any other personally identifiable information relating to any employee of a contractor, subcontractor, or agent that submitted information to the DWD. "Personally identifiable information" would not include an employee's trade or occupation, his or her hours of work, or the wages paid for those hours worked.

i. Clarify that regional transit authorities, as local units of government, are subject to state prevailing wage laws.

j. Provide that these provisions would take effect on January 1, 2010.

k. Specify that the definition of publicly funded private construction project would not include a project of public works, owner-occupied housing projects supported by affordable housing grants, local housing trust funds or home improvement grants; or housing projects involving the construction and/or rehabilitation of a residential property that is limited in total size to four units or less, or housing projects without any retail, office, or commercial components that seek to increase the supply of affordable housing in a community.

l. Include as covered employees who are subject to prevailing wage rates and hours of labor for municipal and state public works projects, state contracted highway projects, and publicly funded private construction projects a laborer, worker, or mechanic who is employed at a commercial establishment that regularly supplies plumbing systems, steam or hot water systems, sprinkler systems, mechanical systems or pipework and is employed in the fabrication of those systems or pipework for incorporation into a public work project subject to the state prevailing wage law.

Senate: Make the following modifications to the prevailing wage provisions:

a. Modify the definition of "local governmental unit" to specify that it would include a local public body and corporate created by constitution, statute, ordinance, rule, or order, and

including specifically a regional transit authority.

b. Modify the definition of "state agency" to include a state public body and corporate created by constitution, statute, rule, or order, including specifically the University of Wisconsin Hospitals and Clinics Authority, the Fox River Navigational System Authority, and the Wisconsin Aerospace Authority.

c. Define "minor service and maintenance work" for municipal and state projects of public works, and publicly funded private construction projects, to mean a project of public works that is limited to minor crack filling, chip or slurry sealing, or other minor pavement patching, not including overlays, that has a projected life span of no longer than five years; cleaning of drainage or sewer ditches or structures; or any other limited, minor work on public facilities or equipment that is routinely performed to prevent breakdown or deterioration. The depositing of gravel on an existing gravel road applied solely to maintain that road and road shoulder maintenance would also be included in the definition for municipal and publicly funded private construction projects.

d. Define "project of public works" for municipal, publicly funded private construction, and state projects to mean a project involving the erection, construction, repair, remodeling, demolition, or improvement, including any alteration, painting, decorating, or grading, of a public facility, including land, a building, or other infrastructure. Activities related to projects of public works would include improvement of the project in addition to erection, construction, remodeling, repairing, and demolition. The term "project of public works" would be used to replace "project" in prevailing wage laws.

e. Define "supply and installation contract" for municipal, publicly funded private construction, and state projects to mean a contract under which the material is installed by the supplier, the material is installed by means of simple fasteners or connectors such as screws or nuts and bolts, and no other work is performed on the site of the project, and the total labor cost to install the material does not exceed 20% of the total cost of the contract.

f. Modify the exclusion from the prevailing wage laws governing municipal and state projects of public works and publicly funded private construction projects related to service, maintenance and warranty work to specifically exclude minor service or maintenance work, warranty work, or work under a supply and installation contract.

g. Modify applicability provisions to make municipal and state prevailing wage laws apply to a project in which the completed facility (rather than a building) was leased, leased purchased, or otherwise acquired by or dedicated to a local governmental unit or state agency in lieu of the local governmental unit or state agency contracting for erection, construction, repair, remodeling, demolition or improvement (rather than construction) of the facility (rather than building). Also, "improvement" would be added to the list of activities subject to prevailing wage provisions.

h. Specify that the municipal prevailing wage law applies to bridge building and other infrastructure, rather than a bridge construction project.

i. Specify that the municipal prevailing wage law applies to a bridge project, as well as to road, sanitary sewer, and water main projects, in which the completed road, street, sanitary sewer, or water main is acquired by, as well as dedicated to a local governmental unit for maintenance, as well as ownership, by the local governmental unit.

j. Delete specific reference to direct negotiation of contracts in a provision that requires a local government to apply to DWD to determine the prevailing wage.

k. Delete the definition of "publicly funded private construction project." Instead, "publicly funded private construction project" would mean a construction project in which the developer, investor, or owner of the project received direct financial assistance from a local governmental unit for the erection, construction, repair, remodeling, demolition, or improvement, including any alteration, painting, decorating, or grading, of a private facility, including land, a building, or other infrastructure. The exclusion for certain housing projects would be retained. However, the exclusion that applies to a "facility" that contained no retail, office, or commercial components, if the project was intended to increase the supply of affordable housing in the community would be modified to apply to "residential property."

l. Specify that the publicly funded private construction project prevailing wage law would apply to laborers, workers, mechanics, and truck drivers employed on the site of such a project that was subject to the law in the performance of erection, construction, remodeling, repair, demolition, or improvement activities for which direct financial assistance was received.

m. Require the prevailing wage law for state projects of public works to apply to a project erected, constructed, repaired, remodeled, demolished, or improved by one state agency for another state agency under any contract or under any statute specifically authorizing cooperation between state agencies. Also, the provision that would apply prevailing wage provisions to a road, street, sanitary sewer, or water main project in which the completed road, street, sanitary sewer or water main was dedicated to the state for ownership, would be modified to delete references to road and street, and apply the prevailing wage provisions to projects in which the completed sanitary sewer or water main is acquired by, or dedicated to the state for ownership.

n. Modify provisions that would create a prevailing wage law for publicly funded private construction projects to delete the definition of "financial assistance" and instead create a definition of "direct financial assistance" under the law. "Direct financial assistance" would mean moneys in the form of a grant or other agreement or included as part of a contract, cooperative agreement, or any other arrangement, including a redevelopment agreement under the municipal blight elimination and slum clearance law, economic development agreement, contract for a project under the tax increment finance law, or assistance provided under the municipal business improvement district law, that a local governmental unit directly provides or otherwise makes available to assist in the erection, construction, repair, remodeling, demolition, or improvement of a private facility. "Direct financial assistance" would not include:

(1) A public works contract, a supply procurement contract, a contract of insurance or guaranty, a collective bargaining agreement, or any other contract under which moneys are not

directly provided or otherwise directly made available for that assistance.

(2) Any moneys allocated by the City of Milwaukee for the purchase of public easements that are located entirely in the Milwaukee Riverwalk Site Plan Review Overlay District established by the City of Milwaukee, as amended to June 1, 2009, or for the construction of dockwalls, walkways, plazas, parks, private roadways open to the public, or similar improvements, or for any other public infrastructure improvements, that are located entirely in the district, if the work would be subject to, or specifically exempted from, the municipal prevailing wage law.

o. Modify provisions related to records reporting requirements for collective bargaining agreements under the state and municipal public works, and publicly-funded private construction project prevailing wage laws to specify that the monthly records reporting requirements would not apply to a contractor, subcontractor, or agent if all the persons employed by the contractor, subcontractor, or agent who were performing work subject to the prevailing wage laws were covered under a collective bargaining agreement, and the wage rates for those persons under the collective bargaining agreement were not less than the prevailing wage rate. All collective bargaining agreements that were pertinent to the project would have to be submitted to DWD.

p. Modify provisions relating to remedies under the prevailing wage laws for municipal and state projects of public works and for publicly funded private construction projects as follows:

(1) Specify that if DWD determined upon inspection, that a contractor, subcontractor, or contractor's or subcontractor's agent failed to pay the prevailing wage or required overtime compensation, the Department would be required to order the contractor to pay to any affected employee the amount of his or her unpaid wages or unpaid overtime compensation, and an additional amount equal to 100% of the amount of those unpaid wages or that unpaid overtime compensation as liquidated damages, within a period specified by the Department in the order.

(2) Specify that, in addition to, or in lieu of, recovering the liability specified above, any employee for and in behalf of that employee and other employees similarly situated would be authorized to commence an action to recover that liability in any court of competent jurisdiction. In an action that was commenced before the end of any period specified by DWD for payment of liquidated damages, if the court found that a contractor, subcontractor, or contractor's or subcontractor's agent failed to pay the prevailing wage or required overtime compensation, the court would be required to order the contractor, subcontractor, or agent to pay to any affected employee the amount of his or her unpaid wages or his or her unpaid overtime compensation, and an additional amount equal to 100% of the amount of those unpaid wages or that unpaid overtime compensation as liquidated damages. The liquidated damages amount would have to be 200% of the amount of unpaid compensation if the action was commenced after the end of any period specified by DWD for payment of liquidated damages.

q. Delete the Joint Finance provision that would have included as covered employees under the prevailing wage laws for state and municipal public works projects, and publicly-funded private construction projects, laborers, workers, and mechanics employed in

commercial establishments that were employed in fabricating plumbing systems, sprinkler systems, mechanical systems, or pipework for incorporation into a public works project.

r. Create, under the state and municipal public works, and publicly funded private construction project prevailing wage laws a definition of "bona fide economic benefit." Specifically, "bona fide economic benefit" would mean an economic benefit for which an employer made irrevocable contributions to a trust or fund created under federal law, or to any other plan, trust, program, or fund no less often than quarterly or, if an employer made annual contributions to such a plan, trust, or fund, for which the employer irrevocably escrows moneys at least quarterly based on the employer's annual contribution.

Conference Committee/Legislature: In addition to the Senate provisions, clarify that bona fide economic benefits would include benefits for which an employer made a contribution to a bona fide plan, trust, program, or fund.

Veto by Governor [C-23]: Modify the prevailing wage provisions as follows:

a. Delete "a local or state public body and corporate created by constitution, statute, ordinance, rule or order" from the definitions of "local governmental unit" and "state agency."

b. Delete the word "improvement" of any project of public works or publicly funded construction project from prevailing wage law provisions.

c. Delete the definition of "project of public works" under municipal and state prevailing wage laws.

d. Delete a reference to local governments making contracts by direct negotiation.

e. Delete the remedy, under the municipal and state, and publicly funded private construction project prevailing wage laws, that in an action that is commenced after the end of any period specified by DWD for payment of liquidated damages, would require a court to order a contractor, subcontractor, or agent to pay the affected employee the amount of his or her unpaid wages or his or her unpaid overtime compensation and an additional amount equal to 200% of the amount of those unpaid wages or that unpaid overtime compensation as liquidated damages, in cases where the court finds that a contractor, subcontractor, or contractor's or subcontractor's agent has failed to pay any the prevailing wage or required overtime compensation.

f. Delete specific provisions that require certain residential construction projects to be "owner-occupied" or "contain no retail office or commercial components" to be excluded from the prevailing wage law for publicly funded private construction projects.

g. Delete, as covered employees, under the prevailing wage law for publicly funded private construction projects, all laborers, workers, mechanics, and truck drivers employed in the manufacturing or furnishing of materials, articles, supplies, or equipment for which direct financial assistance is received on the site of a publicly funded private construction project, or from a facility dedicated exclusively, or nearly so, to a publicly funded private construction project by contractor, subcontractor, agent, or other person performing any work on the site of

the project.

Also delete provisions that specify that a laborer, worker, mechanic, or truck driver who is regularly employed to process, manufacture, pick up, or deliver materials or products from a commercial establishment that has a fixed place of business from which the establishment regularly supplies processed or manufactured materials or products would not be entitled to receive the prevailing wage rate or to receive at least 1.5 times his or her hourly basic rate of pay for all hours of labor unless any of the following applied:

(1) The laborer, worker, mechanic, or truck driver was employed to go to the source of mineral aggregate (such as sand, gravel, or stone) that is to be immediately incorporated into the work, and not stockpiled or further transported by truck, and to pick up that mineral aggregate, and deliver that mineral aggregate to the site of a publicly funded private construction project by depositing the material substantially in place, directly or through spreaders from the transporting vehicle.

(2) The laborer, worker, mechanic, or truck driver was employed to go to the site of a publicly funded private construction project, pick up excavated material or spoil from the site of the project, and transport that excavated material or spoil away from the site of the project.

h. Modify the exemption for a publicly funded private construction project from prevailing wage provisions for a local ordinance or other enactment if it is shown that a local ordinance or other enactment results in standards as high or higher as those included in the prevailing wage law, to delete the phrase "resulting in standards."

i. Delete penalty provision that a contractor, subcontractor, or contractor's or subcontractor's agent that violates a provision of the prevailing wage law for publicly funded private construction projects may be imprisoned for up to six months.

[Act 28 Sections: 162, 1478r thru 1479, 1480 thru 1484g, 1484t thru 1487, 2186t thru 2187, 2188, 2188f thru 2205, 2207, 2214, 2216ym thru 2217, 2296b, 2477, 3351, 9156(1d), 9356(1),(2),(3)&(5f), and 9456(1x)]

[Act 28 Vetoed Sections: 1478v, 1479p, 1479r, 1479t, 1480c, 1480e, 1484f, 1484h, 1487, 2187f, 2187h, 2187j, 2188e, 2188g, 2188h, 2192f, 9156(1d), and 9456(1x)]

22. EMPLOYMENT OF APPRENTICES ON STATE PUBLIC WORKS PROJECTS [LFB Paper 850]

Joint Finance: Require a state agency that enters into a contract for performing work on a public works or highway project that is subject to the state prevailing wage law, and in which work is performed by employees in apprenticeable trades, to include in the contract a provision requiring that as a condition to performing that work an employer, of five or more employees, would have to meet all of the following requirements: (a) be approved as an apprenticeship trade trainer or have an application pending for that approval at the time the bid to perform work on the project was submitted; and (b) be certified as the sponsor of an acceptable

apprenticeship program. This requirement would not apply if it resulted in the displacement of any journeyman employed on the project. A reference to the requirement would be required to be published in the notice issued for the purpose of securing bids for the project and posted by the state agency in at least one conspicuous and easily accessible place on the site of the project.

If an employer failed to meet the requirements of a contract implementing these provisions, the state agency that entered into the contract would be required give the employer the opportunity to demonstrate that every good faith effort was made to meet the requirements of the contract, and if the state agency determined that the employer was in compliance with the contract or demonstrated that every good faith effort was made to meet the requirements, no further action would be taken. If the state agency determined that the employer was not in compliance with the contract and had not demonstrated that every good faith effort was made to meet those requirements, the state agency would be required to bring an action for breach of contract.

An employer would be authorized to apply to DWD for an exemption from or modification to these requirements. A request for an exemption or modification would have to include a showing of good cause of why the employer could not comply with those requirements. If the Department found good cause for an employer's inability to comply with those requirements, the Department could grant the requested exemption or modification. Reasons for granting an exemption or modification would include all of the following: (a) a demonstrated lack of apprentices available in the area of the project; (b) the unsuitability of the employer's apprenticeship training program for the project or the unavailability of that program at the site of the project; (c) a disproportionately high ratio of material costs to labor hours on the project; (d) a documented depression in the construction industry in the area of the project; (e) specific safety or certification considerations; and (f) the necessity of meeting any equal employment opportunity, affirmative action, or other workforce participation requirements under any federal, state, or local laws, regulations, rules, or ordinances.

Employers would be required to apply to DWD for approval of apprenticeship training programs before submitting a bid to perform work on a project. If the training program met an acceptable quality of training, as determined by DWD, the Department would be required to approve that training program and certify the employer as an apprenticeship trade trainer. After certification, DWD would be required to periodically review an apprenticeship trade trainer's apprentice training program to ensure that the trainer was meeting an acceptable quality of training.

Before submitting a bid to perform work on a project, and to be certified as a sponsor of an acceptable apprenticeship program, the employer would have to submit information to DWD showing that, if at any time in the current or preceding year, the employer employed any of the following: (a) the maximum number of apprentices allowed under the employer's training ratio for each trade employed by the employer; or (b) in cases where an employer was seeking certification to perform work on municipal public works projects, a skilled workforce in

which not less than 10% of the employees were apprentices or, in cases where an employer was seeking certification to perform work on state highway projects, a skilled workforce in which not less than 5% of the employees were apprentices.

If the employer was unable to meet either of these requirements, the employer could be certified as a sponsor of an acceptable apprenticeship program for purposes of performing work on a particular project if the employer committed to employing on the project any of the following: (a) the maximum number of apprentices allowed under the employer's training ratio for each trade included in the bid to perform work on the project; (b) in cases where an employer was seeking certification to perform work on municipal public works projects, a skilled workforce in which not less than 10% of the hours of work that would be performed on the site of the project would be performed by apprentices or, in cases where an employer was seeking certification to perform work on state highway projects, a skilled workforce in which not less than 5% of the hours of work that would be performed on the site of the project would be performed by apprentices; (c) new hires so as to achieve the maximum number of apprentices allowed under the employer's training ratio for each trade included in the bid to perform work on the project.

If the employer met the requirements for approval as a sponsor of an approved training program, DWD would certify the employer as the sponsor of an acceptable apprenticeship program. A certification based on the makeup of the employer's total workforce would be valid for one year after the date of the certification, while a certification based on an employer's project workforce or new hires would be valid for the duration of the project, so long as the employer submitted payrolls and other records and information to the Department showing the employer's compliance.

DWD would be required to monitor compliance with these provisions. In monitoring that compliance, the Department would have to also monitor the age, race, and sex of the apprentices employed by an employer performing work on a project and the hours worked by those apprentices. Each employer performing work on a project would be required to keep copies of payrolls and other records and information as necessary for the Department to perform that monitoring. The Department would be authorized to demand and examine, and each employer would be required to furnish, upon request by the Department, copies of those payrolls and other records and information. The Department would also be authorized to inspect records

"Apprenticeship trade trainer" would mean an employer whose apprenticeship training program has been approved by DWD. "Employer" would mean a contractor, subcontractor, or agent of a contractor or subcontractor that employs five or more employees in trades that are apprenticeable. "New hire" would mean an apprentice or journeyman who is hired by an employer after the employer submits a bid to perform work on a project. "Project" would mean a project of public works that is subject to state public works or highway projects prevailing wage laws in which work is performed by employees employed in trades that are apprenticeable. "Skilled workforce" would mean that portion of the workforce of an employer that consists of employees who are employed in trades that are apprenticeable. "Training ratio"

would mean the ratio of apprentices to journeymen that may be employed by an employer in a given trade under standards adopted, recognized, or approved by DWD.

Assembly: In addition to the Joint Finance provisions create the following requirements:

a. Provide that, if DWD provides an exception or modification to an employer, DWD would be required to post that information on its Internet site, together with a detailed explanation of why the exception or modification was granted.

b. Require employers, no later than 15 days after the end of the month in which an employer performs work on a project, to submit to DWD, in an electronic format, a report including the number of employees working in trades that were apprenticeable, the number of apprentices employed on the project, the race, sex, and average age of those apprentices, and the daily number of hours worked by those apprentices. DWD would be required to post on its Internet site a running summary of those reports, summarizing for each month, the information described above.

c. Require DWD to grant an employer a grace period of up to 10 days each year for submitting the reports. All projects on which an employer performed work during a calendar year, as a contractor, subcontractor, or agent, would be subject to a single grace period. If an employer failed to submit a report within the required grace period, for each project on which the employer performed work, the employer would forfeit \$1,000 for each day the grace period was exceeded.

d. Require DWD to distribute to all state agencies lists of persons who exceeded the grace period in filing required reports at any time during the preceding three years. DWD would have to include with any name, the address of the person, and specify when the person exceeded the grace period. A state agency could not award a contract to the person, unless otherwise recommended by DWD, until the later of three years elapsed from the date on which DWD issued its findings, or the date of final determination by a court of competent jurisdiction. DWD could not include in state agency notifications the name of any person because that person let work to another person that had exceeded the grace period for reporting. These provisions would not apply to any contractor, subcontractor, or agent who, in good faith, committed a minor violation, as determined on a case-by-case basis through administrative hearings with all rights afforded to all parties, or who had not exhausted or waived all appeals.

e. Require any person that submitted a bid on a project that was subject to the apprentice provisions, on the date on which the person submitted the bid, to identify any construction business, in which the person, or shareholder of the business, or officer of the business, or partner of the business, owned or had owned at least a 25% interest, on the date the bid was submitted or at any time during the preceding three years, that had been found to have violated the report filing requirements.

DWD would be required to promulgate rules to administer these provisions.

Senate/Legislature: Delete the Joint Finance provisions regarding the employment of

apprentices on state public works projects. In addition, include the new provisions adopted by the Assembly and described above.

Veto by Governor [C-20]: Delete all of these provisions, except the requirement that exceptions or modifications to contract requirements be posted on the Department's Internet site along with an explanation for the exception or modification.

[Act 28 Section: 2207n]

[Act 28 Vetoed Section: 2207n]

23. NURSE SURVEY AND ALLOCATIONS TO NURSING CENTER

PR	\$345,800
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Joint Finance/Legislature: Provide \$172,900 PR annually under a newly created PR-continuing appropriation for the Department to develop and administer a nursing survey and grants to a statewide nursing center. The source of revenues for the appropriation would be a \$4 surcharge imposed by the Department of Regulation and Licensing (DRL) on all nursing credential renewals. Of the total amount of surcharge revenues transferred to DWD, 12% could be retained by the Department for compiling and processing the survey, while the remaining 88% would be used to provide grants to a statewide nursing center.

The nursing survey would evaluate nursing supply, demand, and turnover and help determine whether there are regional nursing shortages, specialty shortages, or impediments to entering the nursing field. DWD would be required to submit this survey to the Department of Regulation and Licensing by October 1, 2009.

Grants would be required to be awarded to a not-for-profit nurse resource center that is comprised of and led by nurses. The nurse resource center would have to demonstrate coordination with relevant nursing constituents, including professional nursing organizations, groups representing nursing educators, staff nurses, nurse managers or executives and labor organizations representing nurses, and relevant state agencies and Legislators.

The nurse resource center would be required to use the grants to develop strategies to ensure that there is an adequate nursing work force to meet the current and future health care needs of the citizens of the state of Wisconsin. The grants could be used to fund activities that include the following: (a) monitor and validate trends in the applicant pool for programs in nursing; (b) evaluate the effectiveness of nursing education, including the interaction among nursing schools to ensure a uniform education and the transferability of student credits, to increase access to nursing education and enhance career mobility, especially for populations that are under-represented in the nursing profession; and (c) facilitate partnerships between the nursing community and other health care providers, licensing authority, business and industry, consumers, legislators, and educators to achieve policy consensus, promote diversity within the profession, and enhance nursing career mobility and nursing leadership development.

Veto by Governor [C-22]: Delete the specific month and date on which the survey must

be submitted to DRL, so that the survey must be submitted by DWD to DRL in "each odd-numbered year."

[Act 28 Sections: 518h and 2207t]

[Act 28 Vetoed Section: 2207t]

24. PENALTY FOR WILLFUL MISCLASSIFICATION OF CERTAIN CONSTRUCTION EMPLOYEES

Joint Finance: Establish a fine of \$25,000 under state laws governing unemployment insurance, worker's compensation, equal rights, state income sales, excise, and inheritance taxes, and public safety for willful misclassification of construction workers as nonemployees.

Assembly: Require DWD to promulgate administrative rules to define what constitutes "willful misclassification," for the purposes of imposing the penalty established under unemployment insurance, worker's compensation, and equal rights laws. Authorize the rules to be promulgated as emergency rules without a finding of emergency.

Senate: Delete Assembly provision.

Conference Committee/Legislature: Restore Assembly provision.

[Act 28 Sections: 2158h, 2210m, 2210n, 2217h, and 9156(3i)]

25. GRANT TO MILWAUKEE WORKFORCE INVESTMENT BOARD

	Legislature (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR	\$2,000,000	- \$1,500,000	\$500,000

Assembly/Legislature: Provide \$2,000,000 in 2009-10 to DWD in a newly-created, biennial appropriation and require the Department to make a grant of \$2,000,000 during the 2009-11 biennium from the appropriation to the Milwaukee Area Workforce Investment Board, if, during the biennium, the City of Milwaukee provides a grant of \$1,500,000 to the Board. The appropriation would be repealed on July 1, 2011.

Veto by Governor [C-19]: Partially veto provision to write down the 2009-10 funding in the appropriation to \$500,000, and reduce the amount of the required grant from the City of Milwaukee to \$500,000. The Governor's partial veto also eliminates an incorrect statutory cross-reference.

[Act 28 Sections: 516v, 516w, 9156(2q), and 9456(2q)]

[Act 28 Vetoed Sections: 176 (as it relates to s. 20.445(1)(fr)), 516v, and 9156(2q)]

26. PENALTY FOR FAILURE TO LIST DEDUCTIONS FROM WAGES

Assembly: Authorize DWD, in cases where an employer fails to provide a listing of deductions from an employee's pay, to order an employer to pay the employee, as liquidated damages, an amount between \$50 and \$500 for each violation.

Senate: Delete provision.

Conference Committee/Legislature: Restore provision.

Veto by Governor [C-21]: Delete provision.

[Act 28 Vetoed Section: 2186f]

27. MINIMUM WAGE -- INDEXING

Senate: Require DWD, by September 1 of each year, to promulgate administrative rules to revise the state minimum wages. DWD would be required to determine the revised minimum wages by calculating the percentage difference between the consumer price index (CPI) for the twelve-month period ending on May 31 of the preceding year and the CPI for the twelve-month period ending on May 31 of the current year, adjusting the minimum wages in effect on August 31 of the current year by that percentage difference, and rounding the result to the nearest multiple of five cents, except the minimum wage for camp counselors would have to be rounded to the nearest dollar. The revised minimum wage would first apply to wages earned or meals or lodging furnished on September 1 of the year in which the wage allowance was revised. DWD could promulgate emergency rules without a finding of emergency. The indexing provisions would not apply for years in which the CPI did not increase. These provisions would not preclude DWD from promulgating rules to increase the state minimum wages and meal and lodging allowances. "Consumer price index" would mean the average of the CPI over each twelve-month period for all urban consumers, U.S. city average, as determined by the Bureau of Labor Statistics of the U. S. Department of Labor. Currently, the minimum wage for most employees is \$6.50 per hour.

Conference Committee/Legislature: Delete provision.

28. EQUAL RIGHTS -- DISMISSAL OF COMPLAINTS FOR PROBABLE CAUSE

Governor: Provide that in cases where complaints are filed with DWD's Division of Equal Rights, under specified state civil rights laws, and the Division finds that no probable cause exists that a violation of the specified law has occurred, the Division would be required to dismiss the complaint. In these cases, the Division's order of dismissal would be the final determination by the Division. The dismissal of the complaint could be appealed to the circuit court, under state judicial appeal provisions, and the Division would be required to notify the parties to the complaint of the complainant's right to appeal. The provision would apply to the

following:

- a. Employer retaliation against a public employee for exercising rights under the state public employee health and safety law.
- b. Retaliation against an employee for disclosing information under the state "whistleblower law."
- c. Interference, restraint, or denial of the exercise of any right of, and discrimination against, an individual under the state family and medical leave act.
- d. Discrimination under the state fair housing law.
- e. Denial of service or unequal treatment under the public accommodations and amusements law.
- f. Discrimination under the state fair employment law.

The new provisions would first apply to complaints filed on the bill's general effective date.

Under the state public employee safety and health law, a public employee or public employee representative who believes that a safety or health standard or variance is being violated, or that a situation exists which poses a recognized hazard likely to cause death or serious physical harm, may request DWD to conduct an inspection. A public employer may not discharge or otherwise discriminate against any public employee it employs because the public employee filed a request with the Department, instituted or caused to be instituted any action or proceeding relating to occupational safety and health matters, testified or will testify in such a proceeding, reasonably refused to perform a task which represents a danger of serious injury or death, or exercised any other right related to occupational safety and health. A public employee who believes that he or she has been discharged or otherwise discriminated against by a public employer, may file a complaint with the Division of Equal Rights alleging discrimination or discharge.

Under the state "whistleblower law" an employee of the State of Wisconsin, with certain exceptions, may not be retaliated against for disclosing information regarding a violation of any state or federal law, rule or regulation, mismanagement or abuse of authority in state or local government, substantial waste of public funds, or a danger to public health or safety. An employee may disclose information to any other person. However, before disclosing information to anyone other than an attorney, collective bargaining representative, or the Legislature, the employee must disclose the information in writing to the employee's supervisor, or disclose the information in writing to an appropriate governmental unit designated by the Equal Rights Division. An employee who believes that a supervisor or appointing authority has initiated or administered, or threatened to initiate or administer, a retaliatory action against that employee in violation of the law may file a written complaint with the Division of Equal Rights, specifying the nature of the retaliatory action.

The Wisconsin family and medical leave act requires that all employers with 50 or more permanent employees must allow employees of either sex up to six weeks of leave in a twelve-month period for the birth or adoption of a child, up to two weeks of leave in a twelve-month period for the care of a child, spouse, or parent with a serious health condition, and up to two weeks of leave in a twelve-month period for the employee's own serious health condition. The law specifies that no one may "interfere with, restrain or deny the exercise of any right" provided under the law. It also prohibits discharging or discriminating against anyone for opposing a practice prohibited under the law, for filing a charge under the law, for assisting in an investigation or other proceeding under the law, or for testifying in an investigation or hearing held in relation to rights guaranteed by the law. An employee who believes his or her employer has violated any of these provisions may file a complaint with DWD.

The state fair housing law prohibits housing discrimination based on race, color, religion, national origin, ancestry, sex, age, disability, lawful source of income, marital status, sexual orientation, and family status. DWD is authorized to receive and investigate complaints charging a violation of the law.

The state fair employment law prohibits discrimination based on race, creed, color, national origin, ancestry, age, sex, handicap, arrest or conviction record, sexual orientation, marital status, and military status. It prohibits unfair honesty testing and genetic testing. It also prohibits discrimination because of filing or assisting with a labor standards complaint or because of use or non-use of lawful products. DWD is authorized to hear complaints of discrimination, unfair honesty testing, or unfair genetic testing.

The state public accommodations and amusements law provides that it is against the law to deny service or to give unequal treatment in service because of sex, race, color, creed, disability, sexual orientation, national origin, or ancestry. Discrimination in relation to age, 18 and older, is only unlawful in regard to lodging establishments. "Public accommodations" includes, but is not limited to, hotels, motels, restaurants, taverns, retail stores, exercise clubs, dry cleaners, auto repair shops, and other service establishments. The law does not apply when a private, nonprofit organization provides goods or services to only its members or their guests. DWD may receive and investigate a complaint that a violation of the law has occurred.

Generally, when a complaint is filed under the state civil rights laws, DWD conducts an investigation. In conducting investigations, the Department is authorized to seek the cooperation of all persons to provide requested materials to the Department; to obtain access to premises, records, documents, individuals, and other possible sources of information; to examine, record, and copy necessary materials; and to take statements of persons reasonably necessary for the furtherance of the investigation. The Department may subpoena persons or documents for the purpose of the investigation.

At the conclusion of the investigation, DWD issues an initial determination which indicates whether or not there is probable cause to believe that violation of the law occurred as alleged in the complaint. The initial determination identifies the facts upon which DWD's conclusion is based. If the initial determination of the Department is that there is no probable

cause to believe that a violation of the law occurred as alleged in the complaint, the complaint is dismissed. The Department is required to notify the parties and their attorneys of record of the complainant's right to appeal. Within a specified period, depending on the applicable law, after the date of an initial determination finding that there is no probable cause, a complainant may file a written request for a hearing on the issue of probable cause.

If a timely appeal is filed, DWD certifies the matter to hearing, and a hearing on the issue of probable cause is noticed and conducted in accordance with administrative rules. After a hearing on the issue of probable cause, the administrative law judge issues a written decision and order which dismisses the allegations of the complaint or which orders that a charge be issued, depending upon the administrative law judge's findings and conclusions on the issue of probable cause. If the decision of the administrative law judge concludes that no probable cause exists, a certified copy of the decision and order and a notice of appeal rights is sent by first class mail to the last known address of each party and to their attorneys of record. Depending on the applicable law, any party may file a petition for review of a final decision and order of the administrative law judge either with the Review Commission, or the appropriate circuit court. Review Commission rulings are subsequently appealable to the circuit court.

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

29. WORKER'S COMPENSATION -- WORK INJURY SUPPLEMENTAL BENEFIT FUND CLAIMS

Governor: Provide that, in addition to the Department of Justice (DOJ) representing the interests of the state in proceedings, DWD may retain the Department of Administration or an insurance service organization to prosecute or defend claims for payments into or out of the work injury supplemental benefit fund. DOJ would be required to appear on behalf of the state in administrative hearings or court proceedings on such claims. A person retained under these provisions would be authorized to compromise a claim that the person processed, subject to review by DWD. Costs incurred by a person retained in prosecuting or defending any claim for payment into or out of the fund, including expert witness and witness fees, but not including attorney fees or attorney travel expenses for services performed, would be paid from the fund.

Under current law, DOJ represents the state in work supplemental injury fund claims proceedings. 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 payments to the fund if a work-related injury is the proximate cause of death, total impairment, or loss of a hand, arm, leg, or eye. In addition, employers and insurers that fail to keep certain records or file certain reports pay surcharges into the fund.

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

REPORTS AND STUDIES

REPORTS AND STUDIES

Date Due	Nature	Prepared By	Reported To
Each odd-numbered year	Nursing Survey. Evaluation of nursing supply, demand, and turnover to determine whether there are regional nursing shortages, specialty shortages, or impediments to entering nursing field. [Section 2207t]	Department of Workforce Development	Department of Regulation and Licensing
December 1, 2009	Services Provided by ICFs-MR. A study on the need for existing intermediate care facilities for the mentally retarded (ICFs-MR) in maintaining an effective, high-quality planned system of services for persons with developmental disabilities. (This provision was affected by the Governor's partial veto. However, the Governor has indicated that DHS will implement the provision that was included in the enrolled bill.) [Section 9122(7i)]	A committee appointed by the Department of Health Services	Joint Committee on Finance
December 31, 2009	Child Welfare Provider Rate Regulation: A report on the findings, conclusions, and recommendations following a study of the implementation of the rate regulation system, including alternative methods of reducing the cost of out-of-home care placements for children. [Section 9108(2)(cm)]	Joint Legislative Council	Joint Committee on Finance
January 1, 2010	Land and Water Conservation Board. Investigate the LWCB's responsibilities and authorities and report on recommendations for revisions to reflect changes in the state's soil and water programs. [Section 9103(4i)]	LWCB, DATCP, and DNR	Governor, Joint Committee on Finance, and appropriate standing committees of the Legislature.
Before July 1, 2010	Pension Study. Study the impact of increasing the initial amounts of the normal form annuity for certain protective occupation participants from 65% to 70% of the participant's final average of earnings. [Section 9131(2g)]	Joint Survey Committee on Retirement Systems	Legislature
July 1, 2010	Concentrated Animal Feeding Operations Fees. Recommendations for legislation imposing fees on persons who apply for permits to operate CAFOs. [Section 9137(2i)]	Standing committees relating to agricultural matters	The chief clerk of each house of the Legislature.

Date Due	Nature	Prepared By	Reported To
January 1, 2011	Economic Competitiveness. Contract with a nationally recognized organization for a national and international competitiveness study of the state's economy. [Section 9110(15u)]	Department of Commerce	Governor and appropriate standing committees of the Legislature
January 1, 2011	Passenger Rail Services Route Alternatives Report. Require DOT to present a report that addresses the alternatives for extending high speed passenger rail service from Madison to the Twin Cities in Minnesota. Specify that the report must consider a route traveling through the City of La Crosse and another traveling through the City of Eau Claire and shall compare the cost and potential benefits of each route.	Department of Transportation	Joint Committee on Finance
No later than January 1, 2011	MA Transportation Manager. A report that analyzes the following aspects of the transportation manager program: (1) whether, through December 31, 2010, the manager achieved savings or other efficiencies in the delivery of transportation services to medical assistance (MA) recipients; (2) whether the transportation manager helped enable the state to claim additional federal matching dollars for common carrier services; and (3) how the statewide MA transportation manager program affected access to services for medical assistance recipients statewide. [Section 9122(4f)(b)]	Department of Health Services	Joint Committee on Finance
February 1, 2011	Graduated Foster Care Licensing System: A report with the findings, conclusions, and recommendations of an evaluation of the graduated foster care licensing system with respect to: (a) cost-effectiveness; (b) consistency in placing children in foster homes that provide an appropriate level of care for those children; (c) outcomes for children placed in foster homes; and (d) the increase or decrease in the availability of foster homes at each level of care. [Section 9108(3)(dm)]	Department of Children and Families	Governor and Joint Committee on Finance
June of each odd-numbered year	Forward Innovation Fund. Administrative rule must specify provisions for a biennial plan for awarding Forward Innovation Fund financial assistance. [Section 3078]	Department of Commerce	Governor and appropriate standing committees of the Legislature

Date Due	Nature	Prepared By	Reported To
June 30, 2011	Child Care Quality Rating System: A plan for the implementation of the quality rating system that includes options for the design of the system and for quality assurance, estimated expenditures, the information and training that would be provided to child care providers, a description of how to make the system accessible, a process of ongoing evaluation, and any other information that is relevant. [Section 9108(7f)]	Department of Children and Families	Joint Committee on Finance
Before July 1, 2011	State Human Resources Consolidation. The DOA Secretary may develop a plan to consolidate executive branch human resource functions into the Office of State Employment Relations. If the plan is developed, submit the plan to the Joint Committee on Finance for approval under a 14-day passive review process. [Section 9101(8c)]	Department of Administration	Joint Committee on Finance
Before July 1, 2011	Transferred Human Resource Positions. If DOA proposes, and the Joint Committee of Finance approves, the consolidation of executive branch agency human resource functions, report on the implementation of the transfer of employees. [Section 9101(8c)]	Department of Administration	Joint Committee on Finance
December 31, 2011, and biennially thereafter	Farmland Preservation. A review, analysis and recommendations for the program relating to farmland use and conversion, program participation, tax credits, trends, compliance, fees paid, program costs, and key issues. [Section 1946 (Wis. Stats. sec. 91.04)]	Department of Agriculture, Trade and Consumer Protection in cooperation with the Department of Revenue	Board of Agriculture, Trade and Consumer Protection and the Departments of Administration and Revenue.
July 1, 2012	Child Welfare Alternative Response Pilot Program: An evaluation of the pilot program that assesses the issues encountered in implementing the pilot program and the overall operations of the pilot program, includes specific measurements of the effectiveness of the pilot program, and makes recommendations to improve effectiveness. [Section 1100]	Department of Children and Families	Governor and appropriate standing committees of the Legislature
June 30, 2013	Entrepreneurial Assistance Grants. A report evaluating the effectiveness of the grant program. [Section 3033L]	Department of Commerce	Appropriate standing committees of the Legislature

Date Due	Nature	Prepared By	Reported To
No date specified for initial submission of the proposal; first day of the 39th month after the effective date of Act 28 for second submission.	<p>MA Physician Pilot Project. A proposal to increase medical assistance (MA) reimbursement rates, no sooner than July 1, 2011, for providers that satisfy conditions specified in Act 28 that relate to quality of care, and to provide for payment of a monthly per-patient care coordination fee, no sooner than July 1, 2011, to these providers.</p> <p>In addition, if the proposal is implemented, DHS would submit a report that discusses whether the increased MA reimbursement results in net cost reductions for the MA program, and a recommendation as to whether to continue the increased reimbursement. [Section 1301e]</p>	Department of Health Services	Joint Committee on Finance
No Date Specified	<p>Family Child Care Provider Health Insurance Coverage. A study of the health insurance coverage of licensed and certified child care providers who provide care and supervision for not more than eight children who are not related to those child care providers to determine the efficacy of the Legislature authorizing DHS to request from the U.S. Department of Health and Human Services a medical assistance (MA) waiver to expand eligibility for benefits under the BadgerCare Plus MA waiver, to those child care workers. [Section 9122(5)(f)]</p>	Department of Health Services	Not specified.
No date specified	<p>Milwaukee County Income Maintenance. Copies of all reports documenting its management of the Milwaukee County income maintenance programs, including all monthly Milwaukee County enrollment services reports, that DHS is required to provide to the plaintiffs in the litigation commenced against DHS officials and others, known as West v. Timberlake, under a settlement entered into on April 16, 2009.</p>	Department of Health Services	Joint Committee on Finance
No Date Specified	<p>Traffic Stop Data Collection Implementation. Report on all of the following: (a) the feasibility of developing an information technology system to implement the traffic stop data collection required by Act 28; (b) the estimated initial development costs for the system and how the cost estimates were derived; (c) the estimated ongoing costs for the system and how the cost estimates were derived; (d) timelines for development of the system; (e) the estimated costs to each participating state and local law enforcement agency, on a one-time and on an</p>	Department of Administration	Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
	ongoing basis, to acquire any necessary system hardware and software, for any necessary communication lines, and for program costs; (f) the estimated costs to the Department of Administration's Office of Justice Assistance, on a one-time and on an ongoing basis, to acquire any necessary system hardware and software, for system maintenance, for any necessary communication lines, for staffing to compile and analyze the traffic stop information and produce any required reports, for staffing to administer the Office's other program responsibilities, and for any other program costs; and (g) funding sources for the system and program costs sufficient to cover estimated system and program costs. [Section 9101(12x)]		
No Date Specified	Racial Profiling Data Analysis. Require the Department of Administration's Office of Justice Assistance to promulgate administrative rules regarding requirements for making reports to the Legislature, the Governor, and the Director of State Courts regarding its analysis of statewide data assessing any racial profiling by law enforcement in traffic stops. [Section 158m]	Department of Administration's Office of Justice Assistance	Legislature, Governor, and the Director of State Courts
No Date Specified	State Role in Expanding Dental Education. Directs the Building Commission to allocate \$500,000 from the building trust fund to study the state's role in expanding access to dental education, with an emphasis in increasing dental care in rural and underserved areas, including the possibility of constructing a new dental school in Marshfield. [Section 9106(25f)]	Building Commission	Not Specified

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