

Comparative Summary of Provisions

2013 Act 20

2013-15 Wisconsin State Budget

Legislative Fiscal Bureau
August, 2013

2013-15 WISCONSIN STATE BUDGET

Comparative Summary of Provisions

Enacted as 2013 Act 20

Legislative Fiscal Bureau

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INTRODUCTION

This document, prepared by Wisconsin's Legislative Fiscal Bureau, is the final edition of the cumulative summary of executive and legislative action on the 2013-15 Wisconsin state biennial budget. The budget was signed by the Governor as 2013 Wisconsin Act 20 on June 30, and published on July 1, 2013. This document describes each of the provisions of Act 20, including all fiscal and policy modifications recommended by the Governor, Joint Committee on Finance, and Legislature.

The document is organized into five sections, the first of which contains a Table of Contents, Index to Selected Provisions, History of the 2013-15 Budget, Brief Chronology of the 2013-15 Budget, Key to Abbreviations, and a User's Guide.

This is followed by an "overview" section which provides a series of summary tables and charts which display 2013-15 revenues, appropriations, and authorized position levels. Information is presented for all fund sources, the general fund, transportation fund, and the state's lottery program.

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

The fourth section of the document lists the various reports and studies which are required in 2013 Act 20. This begins on page 809.

The final section, beginning on page 823, lists the 2013-15 biennial budget issue papers prepared by the Legislative Fiscal Bureau.

TABLE OF CONTENTS

Index to Selected Provisions.....	1
History of the 2013-15 Biennial Budget	2
Brief Chronology of the 2013-15 Budget.....	7
Key to Abbreviations	8
User's Guide	10

OVERVIEW

All Funds Budget and Position Summaries

• Table 1 -- Appropriations and Authorizations	13
• Table 2 -- Comparative Summary of Appropriations and Authorizations	15
• Table 3 -- Total All Funds Appropriations by Agency	16
• Table 4 -- Appropriations Comparisons	18
• Figure 1 -- All Funds Appropriations by Functional Area	19
• Figure 2 -- All Funds Appropriations by Purpose.....	21
• Table 5 -- All Funds FTE Positions by Agency	22
• Table 6 -- Comparative Summary of FTE Positions.....	24

General Fund Budget and Position Summaries

• Table 7 -- General Fund Condition Statement	25
• Table 8 -- Estimated General Fund Taxes.....	26
• Table 9 -- Estimated Departmental Revenues.....	27
• Figure 3 -- Estimated General Fund Revenues	28
• Figure 4 -- Use of General Fund Revenues.....	29
• Table 10 -- General Fund Appropriations by Agency	30
• Figure 5 -- General Fund Appropriations by Functional Area	32
• Figure 6 -- General Fund Appropriations by Purpose.....	33
• Figure 7 -- General Fund Appropriations -- Local Assistance	34
• Figure 8 -- General Fund Appropriations -- State Operations	35
• Figure 9 -- General Fund Appropriations -- Aids to Individuals and Organizations	36
• Table 11 -- Distribution of 2013-15 General Fund Appropriations	37
• Table 12 -- Ten Largest General Fund Programs.....	38
• Table 13 -- General Fund FTE Positions by Agency.....	39

Transportation Fund Budget

• Table 14 -- Transportation Fund Condition Statement	41
• Figure 10 -- Estimated Transportation Fund Revenues	42
• Figure 11 -- Transportation Fund Appropriations by Category.....	43

Lottery Fund Budget

• Table 15 -- Lottery Fund Condition Statement	45
• Figure 12 -- Lottery Fund Expenditures.....	46

STATE AGENCY 2013-15 BUDGET SUMMARIES

Administration.....	47
General Agency Provisions.....	47
Transfers.....	59
Information Technology.....	67
Facilities Management and Facilities Development.....	73
Procurement.....	82
Division of Gaming.....	90
Agriculture, Trade and Consumer Protection.....	96
Board on Aging and Long-Term Care.....	114
Board of Commissioners of Public Lands.....	117
Board for People with Developmental Disabilities.....	118
Bonding Authorization.....	119
Budget Management and Compensation Reserves.....	122
Building Commission.....	128
Building Program.....	147
Child Abuse and Neglect Prevention Board.....	162
Children and Families.....	165
Departmentwide.....	165
Children and Families.....	171
Economic Support and Child Care.....	186
Child Support.....	206
Circuit Courts.....	209
Corrections.....	210
Departmentwide.....	210
Adult Corrections.....	217
Community Corrections.....	220
Juvenile Corrections.....	224
Court of Appeals.....	230
District Attorneys.....	231
Educational Communications Board.....	234
Employee Trust Funds.....	236
Employment Relations Commission.....	247
Environmental Improvement Fund.....	250
Financial Institutions.....	253
Fox River Navigational System Authority.....	267
General Fund Taxes.....	268
Income and Franchise Taxes.....	271
Sales and Use Taxes.....	293
Other Taxes.....	302
General Provisions.....	305
Government Accountability Board.....	316
Governor.....	319

Health Services.....	320
Medical Assistance and Related Programs.....	320
Medical Assistance and FoodShare -- Administration.....	370
Other Health Programs and Departmentwide.....	384
Care Facilities and Quality Assurance.....	395
Higher Educational Aids Board.....	401
Historical Society.....	405
Insurance	409
Investment Board.....	420
Judicial Commission.....	421
Judicial Council.....	422
Justice	423
General Agency Provisions.....	423
Transfers	435
DNA Collection.....	441
Victim and Witness Programs.....	449
Legislature.....	455
Lieutenant Governor	460
Lower Wisconsin State Riverway Board	461
Medical College of Wisconsin.....	462
Military Affairs	465
Miscellaneous Appropriations.....	472
Natural Resources	478
Departmentwide	478
Fish, Wildlife, and Recreation.....	498
Forestry and Parks	520
Air, Waste, and Contaminated Land.....	530
Water Quality	541
Office of State Employment Relations.....	551
Program Supplements	554
Public Defender.....	557
Public Instruction	560
General School Aids and Revenue Limits.....	560
Categorical Aids	568
Choice, Charter, and Open Enrollment.....	572
Administrative and Other Funding	603
Public Service Commission.....	617
Revenue.....	620
Departmentwide	620
Tax Administration.....	621
Lottery Administration.....	631

Safety and Professional Services	635
Departmentwide and Professional Regulation	635
Buildings and Environmental Regulation.....	650
Secretary of State	663
Shared Revenue and Tax Relief	664
Direct Aid Payments	665
Property Tax Credits.....	668
Property Taxation	673
Local Revenue Options	678
Other Credits.....	679
State Fair Park	680
State Treasurer	683
Supreme Court	685
Tourism	687
Transportation	691
Transportation Finance.....	691
Local Transportation Aid	700
Local Transportation Assistance.....	705
State Highway Program	709
Motor Vehicles	726
State Patrol.....	728
Departmentwide	733
University of Wisconsin System	735
Veterans Affairs	749
Departmentwide, Veterans Programs, and Museums	749
Veterans Homes, Cemeteries, and Memorials.....	762
Wisconsin Economic Development Corporation.....	768
Wisconsin Health and Educational Facilities Authority.....	774
Wisconsin Housing and Economic Development Authority	775
Wisconsin Technical College System	778
Workforce Development.....	788
Departmentwide	788
Employment and Training.....	790
Unemployment Insurance	793
Other Programs.....	807
REPORTS AND STUDIES	809
LEGISLATIVE FISCAL BUREAU BUDGET PAPERS	823

Index to Selected Provisions

	<u>Page</u>	<u>Item</u>
Authority to Sell or Lease State Properties		
(Administration)	75	7
(Building Commission).....	139	8
Broadband Expansion Grant Program		
(Administration).....	70	6
(Public Service Commission)	618	2
Circus World Museum (Historical Society)	406	4
Commercial and Non-Commercial Radio Broadcast Facilities (General Provisions)	308	5
Default for Installment Loans Made by Payday Lenders (Financial Institutions).....	265	12
DNA Data Collection at Arrest (Justice)	441	1
Executive Branch Agency Position Reductions (Budget Management and Compensation Reserves)	125	4
Expand Flood Damage Aids to Include Other Disasters (Transportation).....	702	5
Health Insurance Risk-Sharing Plan (Insurance).....	412	9
Joint Committee on Finance Reserve for Agency Supplements (Program Supplements)....	555	2
Local Government Employee Residency Requirements (General Provisions).....	305	1
Mobile Tower Siting Regulations (General Provisions)	310	8
Modify Product Liability Law Related to Lead Paint (General Provisions)	308	7
Notary Public Fees (Financial Institutions)	264	9
Prohibit Local Governments from Limiting the Sale of Certain Food and Beverages (General Provisions).....	314	9
Real Estate Brokers (General Provisions).....	315	11
Regulation of Exchange Navigators (Insurance).....	415	10
Requirements for Rehired Annuitants (Employment Trust Funds).....	243	11
Stewardship Bonding Allocations (Natural Resources).....	491	15
Tax Fraud Enforcement (Revenue).....	621	2
Unemployment Insurance (Workforce Development)	793	1-10
Video Programming Service Disconnection (Agriculture, Trade and Consumer Protection)	112	28

HISTORY OF THE 2013-15 BIENNIAL BUDGET

This section provides a narrative history of the 2013-15 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to its introduction. This history starts at that point.

On August 14, 2012, the Department of Administration (DOA) released Governor Scott Walker's major budget policies. On August 27, 2012, the technical budget instructions were issued for each state agency to follow in preparing their 2013-15 biennial budget requests. Included in these policy directives were instructions that state agencies prepare their 2013-15 biennial budget requests based on 100 percent of their fiscal year 2012-13 adjusted base levels minus statutory and discretionary lapses. In addition, agencies were to assume zero growth in overall state general purpose revenue (GPR) appropriations, except for K-12 school aids, required basic cost-to-continue needs for the state's institutions (in the Department of Corrections and the Department of Health Services), entitlement and related assistance programs in the Department of Health Services (medical assistance); the Department of Children and Families' Division of Safety and Permanence, and the Department of Workforce Development's Division of Vocational Rehabilitation, and housekeeping adjustments such as standard budget adjustments, fuel and utilities, and debt service.

Under 2011 Act 32 (2011-13 biennial budget), the Secretary of the Department of Administration Secretary was authorized to lapse or transfer \$174.3 million to the general fund in 2011-13 and 2013-15 biennia from the budgets of state agencies. However, the Department of Justice, University of Wisconsin System, Department of Children and Families, Department of Workforce Development, and the Office of State Employment Relations were not required to make these lapse reductions for 2013-15.

Agencies were also required to report on performance measures identified in previous biennial budgets. For the 2013-15 budget, agencies were asked to report actual outcome measures for fiscal year 2010-11 and 2011-12. Planned outcome measures were to be listed for fiscal years 2012-13, 2013-14, and 2014-15.

By statute, executive branch agencies were required to submit their formal budget requests to the Department of Administration and the Legislative Fiscal Bureau by September 17, 2012. The Division of Executive Budget and Finance (within DOA) began reviewing agency funding requests as they were submitted. On November 20, 2012, as required by statute, DOA distributed a compilation of state agencies' 2013-15 biennial budget requests to Governor Walker and members of the Legislature. This report indicated that agencies were seeking total 2013-15 funding of \$67.62 billion (all funds), of which \$31.15 billion was requested from general purpose revenue. Also included in the summary was the statutorily required estimate of tax revenues for fiscal year 2012-13 and the 2013-15 biennium, as developed by the Department of Revenue. Total general fund tax collections for the 2013-15 biennium were projected at \$29.07 billion.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other information, on January 24, 2013, the Bureau estimated that the state's general fund would realize a total of \$259.1 million less in tax collections for the period from 2012-13 through 2013-15 than was reflected in the administration's November 20 report. The primary reason for the \$259.1 million reduction was due to the enactment of the American Taxpayer Relief Act of 2012. At the time of the November 20 report, under state and federal law, Wisconsin's estate tax would have been restored for deaths occurring in 2013 and after. It was estimated that this restoration would have increased tax collections for the state by \$219.0 million (\$94.0 million in 2013-14 and \$125.0 million in 2014-15). The \$219.0 million was included in the November report. However, Congress modified federal law so that this did not occur.

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the Legislature on or before the last Tuesday in January of each odd-numbered year. However, under 2013 Senate Joint Resolution 1, adopted by the Senate on January 7, 2013, and concurred in by the Assembly on January 8, 2013, this deadline for the submission of Governor Walker's budget was extended to February 12, 2013. On January 25, 2013, at the request of the Governor, Senate Joint Resolution 6 was introduced and adopted by the Senate and Assembly extending the deadline for the Governor's budget message to Wednesday, February 20, 2013.

On February 20, 2013, the Joint Committee on Finance introduced Assembly Bill 40 -- the 2013-15 biennial budget bill. The bill was referred to the Joint Committee on Finance. The recommendations of the State Building Commission constituting the capital budget and the state building programs were submitted to the Joint Committee on Finance on April 2, 2013. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

On February 20, 2013, reports were requested from the Joint Survey Committee on Tax Exemptions and the Joint Survey Committee on Retirement Systems on certain provisions of the bill.

The Joint Committee on Finance held agency informational briefings on the biennial budget bill on March 19, 20, 21, and 26. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. The agencies selected to appear before the Committee included: Department of Administration, Department of Revenue, Department of Workforce Development, Department of Justice, Office of the State Public Defender, Department of Agriculture, Trade and Consumer Protection, Department of Health Services, Department of Veterans Affairs, Department of Transportation, Wisconsin Economic Development Corporation, Department of Public Instruction, Wisconsin Technical College System, University of Wisconsin System, Supreme Court, Department of Corrections, Department of Children and Families, Department of Natural Resources, and the Department of Safety and Professional Services.

The Joint Committee on Finance held four public hearings on the biennial budget bill.

Public hearings were held in Greendale on April 4, Green Bay on April 8, Wisconsin Dells on April 10, and Baldwin on April 18.

On April 24, 2013, Senator Alberta Darling (R-River Hills), the Senate Chair of the Joint Committee on Finance, and Representative John Nygren (R-Marinette), the Assembly Chair of the Joint Committee on Finance, issued a memorandum identifying a total of 12 non-fiscal policy items in the budget bill that would not be addressed as part of the Joint Committee on Finance's budget deliberations.

On May 9, 2013, the Legislative Fiscal Bureau sent a letter to the Co-chairs of the Joint Committee on Finance regarding recent tax collection data showing significant strength in the individual income tax. In addition, while not as positive as income tax collections, revenues from the corporate income and franchise tax were also running ahead of the January estimates. Based on its review of collection data and economic forecasts, the Bureau indicated that general fund tax revenues would be higher than the previous estimates by \$215 million in 2012-13, \$180 million in 2013-14, and \$180 million in 2014-15. Over the three-year period, the income tax estimates were increased by \$385 million, and corporate tax projections were increased by \$190 million. The estimates for the other taxes were not revised because collections were consistent with the January figures.

The Joint Committee on Finance held a total of 10 executive sessions on the biennial budget bill. The first executive session was held on April 25, and the last was held on June 4. At the Committee's final executive session (June 4), the Committee adopted a substitute amendment incorporating all of its previous actions modifying the biennial budget. The vote to recommend Assembly Bill 40 for passage, as amended, was 12-4. The Committee's version of the budget bill, ASA 1 to AB 40, was reported to the Assembly on June 14, 2013.

Under section 13.95(1r) of the statutes, as created by 2011 Act 220, the Legislative Fiscal Bureau is required to prepare an earmark transparency report on each biennial budget bill and on each amendment to that bill. The report is to include the following elements: (1) a list of all earmarks; (2) the cost of each earmark; (3) the beneficiary of each earmark, if the Bureau can make this determination, and the Assembly and Senate district in which the beneficiary resides (for individuals) or is located (for entities); and (4) for a report on a budget amendment, the name of the legislator who proposed the earmark.

Under section 13.102 of the statutes, the Joint Committee on Finance (JFC) cannot vote to recommend passage of the biennial budget bill or an amendment to the bill until the required report, on either the bill or amendment, has been distributed by the Bureau to each member of the Legislature and is made available on the Legislature's website. Section 13.39 of the statutes specifies that neither house of the Legislature may pass the biennial budget bill until the Bureau has distributed a copy of an earmark transparency report on the bill, as amended, to each member of the Legislature and has made the report available on the Legislature's website.

Under these provisions, the Legislative Fiscal Bureau released earmark reports as follows:

- April 24, 2013 -- Earmark Transparency Report on AB 40: total of 15 earmarks.

- June 5, 2013 -- Earmark Transparency Report on JFC Substitute Amendment (ASA 1): total of 25 earmarks -- 15 included in AB 40 (Governor) and an additional 10 added by JFC.
- June 19, 2013 -- Earmark Transparency Report on ASA 1, as amended by the Assembly: total of 25 earmarks -- no additional earmarks added by the Assembly.
- June 21, 2013 -- Earmark Transparency Report on Engrossed AB 40: total of 25 earmarks -- no additional earmarks added by the Senate.

On June 12, 2013, the Joint Survey Committee on Tax Exemptions took executive action on provisions included in Assembly 40. The Joint Survey Committee on Tax Exemption report addressed provisions in the bill that would affect existing statutes or create new statutes relating to the exemption of property or persons from state or local taxes. The provisions included: (a) sunset the deferral of capital gains reinvested in qualified new business ventures, effective for taxable years beginning after December 31, 2013; (b) modification of the deferral of capital gains reinvested in qualified Wisconsin businesses by adopting a registration procedure performed by the Department of Revenue (DOR); (c) modification of the deferral of capital gains on the sale of a Wisconsin capital asset by adopting a registration procedure performed by DOR; (d) income phase-out levels for the higher education tuition deduction indexed based on percentage change in Consumer Price Index; (e) an income tax exclusion for interest income received on bonds or notes issued by the Wisconsin Health and Educational Facilities Authority; (f) adoption of certain changes made to Internal Revenue Code (IRC); (g) creation of a sales and use tax exemption for certain lump sum contracts; (h) make definitional changes relating to the existing sales and use tax exemption for qualified research in biotech and manufacturing, as well as existing sales and use tax exemption relating to machinery and equipment used to raise animals for use in such qualified research; (i) definition of "custom farming services" sales and use tax exemption to include services performed by a veterinarian to animals that are farm livestock or work stock; (j) clarification that the sales and use tax exemption for products provided free of charge with the purchase of another product does not apply to products provided free of charge with the purchase of taxable services; (k) exemption from sales and use tax services related to printing of promotional and direct mail; and (l) exemption of biogas energy systems from property taxation, including equipment used to generate biogas and to store biomass or biogas, as well as structures used to shelter or operate such equipment.

The Joint Survey Committee on Tax Exemptions found that there were no questions of legality regarding the provisions of the bill described in the report and determined that the provisions were good public policy.

On June 18, 2013, the Joint Survey Committee on Retirement Systems held an executive session to address the following provisions contained in Assembly Bill 40: (a) modification of current WRS administration and benefits to ensure compliance with the IRC; (b) modification of current WRS eligibility requirements; and (c) modification of WRS employee separation requirements. The Joint Survey Committee on Retirement Systems indicated that the provisions in the bill were good public policy and should be considered by the Legislature.

Prior to Assembly and Senate deliberations on the budget, the Legislative Fiscal Bureau

conducted briefings with the caucuses in both houses on the provisions of the budget bill.

The Assembly took action on the 2013-15 state budget on June 18, 2013, and June 19, 2013. During the Assembly's deliberations, four amendments to ASA 1 to Assembly Bill 40 were offered (three amendments to ASA 1 and one amendment to AA 3 to ASA 1). Two Assembly amendments were adopted – AA 1 to Assembly Amendment 3 and Assembly Amendment 3 to ASA 1. On June 19, 2013, the Assembly substitute amendment (ASA 1), as amended, was adopted and the bill, as amended, was passed on a vote of 55-42. The bill was ordered immediately messaged to the Senate.

The Senate debated the 2013-15 state budget on June 20, 2013 and June 21, 2013. A total of 55 amendments to Assembly Bill 40, as amended, were offered. No amendments were adopted. The Senate concurred with the Assembly by a vote of 17-16 on June 21, 2013.

The bill was enrolled on June 24, 2013, and presented to the Governor on June 27, 2013. He approved the bill, in part, on June 30 and had it deposited to the Office of the Secretary of State on July 1, as 2013 Wisconsin Act 20. The Governor indicated in his message to the Legislature that he had exercised his authority to make 57 partial vetoes to the bill, as passed by the Legislature. Act 20 was published on July 1, and except as otherwise specifically provided, became effective the following day.

BRIEF CHRONOLOGY OF THE 2013-15 BUDGET

GOVERNOR/ADMINISTRATION

- August 14, 2012 Department of Administration issued major budget policies.
- August 27 Department of Administration issued technical budget instructions.
- September 17 Agency deadline for submission of budget requests.
- November 20 Executive Budget Office submitted a compilation of agency budget requests and a Department of Revenue estimate of tax revenues.
- February 20, 2013 Governor Walker delivered budget message and recommendations to the Legislature.
- April 2 Recommendations of the State Building Commission for the capital budget and state building program submitted to the Joint Committee on Finance.

JOINT COMMITTEE ON FINANCE

- January 24 Legislative Fiscal Bureau releases general fund expenditure and revenue projections.
- February 20 Introduced the executive budget as 2013 Assembly Bill 40.
- March 19-26 Budget bill briefings by agency officials.
- April 2 Received recommendations of the State Building Commission for the capital budget and authorized state building program.
- April 4-18 Public hearings (Greendale, Green Bay, Wisconsin Dells, Baldwin).
- April 24 Non-fiscal items removed from budget bill.
- April 25-June 4 Executive sessions.
- June 4 Adopted Assembly Substitute Amendment 1 (ASA 1) to AB 40 and recommended the bill for passage on a 12-4 vote.
- June 14 ASA 1 to AB 40, as recommended by the Joint Committee on Finance, reported to the Assembly.

LEGISLATURE

- June 19 Assembly adopted Assembly Substitute Amendment 1 to AB 40, as amended, and passed the bill, as amended, on a vote of 55-42.
- June 21 Senate concurred with the Assembly's action on the budget bill, on a vote of 17-16.

ENACTMENT

- June 24 Assembly Bill 40 enrolled.
- June 27 Enrolled AB 40 presented to Governor.
- June 30 Governor approved bill, with 57 partial vetoes, as 2013 Wisconsin Act 20.
- July 1 Act 20 published.
- July 2 Act 20 became generally effective.

KEY TO ABBREVIATIONS

REVENUES

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

APPROPRIATIONS

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

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

Lapse Budgeted amounts that are unspent at the end of a fiscal period which revert back to the fund from which they were appropriated.

OTHER

2011 Act 10, 13, and 27 Budget adjustment legislation.

2011 Act 32 The 2011-13 budget act.

AB 40 Assembly Bill 40, the Governor's 2013-15 budget recommendations.

ASA 1 to AB 40 Assembly Substitute Amendment 1 to Assembly Bill 40, the 2013-15 budget recommendations of the Joint Committee on Finance.

2013 Act 20 The 2013-15 budget act.

CY Calendar year.

FY Fiscal year.

FTE Full-time equivalent position.

LTE Limited-term employment position for which employment is limited to 1,044 hours per appointment in a 12-month period.

2012-13 Adjusted Base The total 2012-13 authorized funding level for an agency or program. The adjusted base equals 2012-13 appropriations, pay plan modifications, and by other supplements. It is this base that serves as the beginning point for calculating budget changes for 2013-15.

2012-13 Base Year Doubled The 2012-13 base multiplied by two. This produces the biennial base level against which 2013-15 budget levels may be compared.

USER'S GUIDE

The following explanation of entries is keyed to the accompany sample entry (page 11).

- ① Name of agency.
- ② The funding source for the amounts shown in columns 3 through 5. Only the funding sources which are included in the agency's budget are shown.
- ③ The 2012-13 base represents authorized appropriation and position levels for 2012-13. The base is doubled in the budget column to provide a two-year to two-year comparison.
- ④ Appropriation and position levels recommended by the Governor, Joint Committee on Finance, Legislature, and as authorized by 2013 Wisconsin Act 20 (includes the impact of any gubernatorial vetoes).
- ⑤ These columns indicate the change of the budget level contained in 2013 Wisconsin Act 20 to the 2012-13 base year doubled. For positions, the increase or decrease is based on the 2014-15 authorized level compared to the 2012-13 level.
- ⑥ Title of the budget change item. Immediately following the title, if applicable, "[]" shows the number of the Legislative Fiscal Bureau issue paper prepared on this item. In this example, paper [391] pertains to the solicitor general and special counsel appropriation. A complete listing of all Fiscal Bureau issue papers begins on page 823 of this document.
- ⑦ Funding and position change to the agency's base budget. If the entry is entitled, "GOVERNOR/LEGISLATURE," the recommendations proposed by the Governor were adopted by the Joint Committee on Finance and the Legislature. For those budget items where the recommendations of the Governor, Joint Finance Committee or Legislature differ, the fiscal and position effect shown at each step is the change to the previous recommendation.
- ⑧ Narrative description of the various budget change items, for each entry, as recommended by the Governor, Joint Committee on Finance, and Legislature.
- ⑨ Narrative description of partial vetoes by the Governor. At the beginning of the veto entry in the "[]" is the number (in this example D-30) of the veto from the Governor's veto message (July 1, 2013).
- ⑩ Bill sections relating to the budget change item. "Act 20 Sections" lists the sections which remain in the act. "Act 20 Vetoed Sections" lists those sections which were partially or entirely vetoed.

JUSTICE 1

Budget Summary							5	
2	3	4	4	4	4	Act 20 Change Over Base Year Doubled		
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Amount	Percent	
GPR	\$83,396,200	\$92,453,300	\$90,664,900	\$90,664,900	\$90,300,100	\$6,903,900	8.3%	
FED	15,762,400	49,728,900	49,728,900	49,728,900	49,728,900	33,966,500	215.5	
PR	78,994,000	97,419,900	98,122,000	98,122,000	98,122,000	19,128,000	24.2	
SEG	<u>746,200</u>	<u>778,400</u>	<u>778,400</u>	<u>778,400</u>	<u>778,400</u>	<u>32,200</u>	4.3	
TOTAL	\$178,898,800	\$240,380,500	\$239,294,200	\$239,294,200	\$238,929,400	\$60,030,600	33.6%	

FTE Position Summary						5	
2	3	4	4	4	4	Act 20 Change Over 2012-13 Base	
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Amount	Percent
GPR	383.08	400.58	391.58	391.58	391.58	8.50	2.1%
FED	24.95	40.33	40.33	40.33	40.33	15.38	61.7%
PR	198.71	232.08	237.08	237.08	237.08	38.37	19.3%
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>	0.0%
TOTAL	609.49	675.74	671.74	671.74	671.74	62.25	10.2%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS 6

GPR	-	\$953,600
FED	7	- 1,500
PR		1,209,100
SEG		<u>32,200</u>
Total		\$286,200

Governor/Legislature: Provide standard adjustments totaling -\$512,000 GPR, -\$3,500 FED, \$754,500 PR, and \$15,800 SEG in 2013-14, and -\$441,600 GPR, \$2,000 FED, \$454,600 PR, and \$16,400 SEG in 2014-15. Adjustments are for: (a) turnover reductions; (b) removal of noncontinuing elements from the base; and (c) full funding of salaries and fringe benefits.

2. TRANSFER SPECIAL COUNSEL APPROPRIATION TO THE DEPARTMENT OF ADMINISTRATION [LFB Paper 391]

GPR	-	\$1,223,800
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Governor: Transfer the GPR sum sufficient special counsel appropriation with its estimated annual expenditure level of \$611,900 from the Department of Justice to the Department of Administration. Under current law, the Governor may appoint special counsel if, in the Governor's opinion, the public interest requires such action. The employment of special counsel by the Governor is limited to the following instances: (a) to assist the Attorney General in any action or proceeding; (b) to act instead of the Attorney General in any action or proceeding, if the Attorney General is in any way interested adversely to the state; (c) to defend any action instituted by the Attorney General against any officer of the state; and (d) to institute and prosecute an action or proceeding which the Attorney General, by reason of the Attorney's General opinion as to the validity of any law, or for any other reason, deems it the duty of the Attorney General to defend rather than prosecute.

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, convert the GPR special counsel appropriation from a sum sufficient appropriation to a biennial appropriation.

9 **Veto by Governor [D-30]:** Delete the conversion of the appropriation to a biennial appropriation.

[Act 20 Sections: 1p, 28, 252, 379m, and 2160]

10

[Act 20 Vetoed Section: 379m]

OVERVIEW

ALL FUNDS BUDGET AND POSITION SUMMARIES

TABLE 1

Summary of 2013-15 Appropriations and Authorizations

<u>Fund Source</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>	<u>Percent of Total</u>
General Purpose Revenue	\$15,055,868,400	\$15,566,438,400	\$30,622,306,800	43.5%
Appropriations	14,977,116,200	15,433,381,900	30,410,498,100	
Compensation Reserves	78,752,200	133,056,500	211,808,700	
Federal Revenue	9,721,445,300	10,011,965,700	19,733,411,000	28.1
Appropriations	9,709,390,700	9,992,205,600	19,701,596,300	
Compensation Reserves	12,054,600	19,760,100	31,814,700	
Program Revenue	5,113,335,600	5,098,993,400	10,212,329,000	14.5
Appropriations	5,092,935,600	5,065,553,200	10,158,488,800	
Compensation Reserves	20,400,000	33,440,200	53,840,200	
Segregated Revenue	3,873,751,900	3,890,216,000	7,763,967,900	11.0
Appropriations	3,859,842,800	3,867,415,900	7,727,258,700	
Compensation Reserves	<u>13,909,100</u>	<u>22,800,100</u>	<u>36,709,200</u>	
Subtotal	\$33,764,401,200	\$34,567,613,500	\$68,332,014,700	97.1%
Appropriations	33,639,285,300	34,358,556,600	67,997,841,900	
Compensation Reserves	125,115,900	209,056,900	334,172,800	
Bond Revenue			2,048,604,900	2.9
General Obligation Bonding			1,639,492,900*	
Revenue Bonding			<u>409,112,000</u>	
TOTAL			\$70,380,619,600	100.0%

*Excludes \$2,010,000,000 of economic refunding authority.

TABLE 2

2013-15 Comparative Summary of Appropriations and Authorizations

<u>Fund Source</u>	<u>Governor</u>	<u>Jt. Finance</u>	<u>Legislature</u>	<u>Act 20</u>
General Purpose Revenue	\$30,608,604,600	\$30,604,371,800	\$30,627,390,700	\$30,622,306,800
Federal Revenue	19,610,914,100	19,733,411,000	19,733,411,000	19,733,411,000
Program Revenue	10,006,795,400	10,216,193,800	10,216,193,800	10,212,329,000
Segregated Revenue	<u>8,017,076,800</u>	<u>7,767,968,100</u>	<u>7,763,968,100</u>	<u>7,763,967,900</u>
Subtotal	\$68,243,390,900	\$68,321,944,700	\$68,340,963,600	\$68,332,014,700
Bonding				
General Obligation	\$1,750,392,900	\$1,389,492,900	\$1,389,492,900	\$1,639,492,900
Revenue	<u>416,512,000</u>	<u>409,112,000</u>	<u>409,112,000</u>	<u>409,112,000</u>
Subtotal	\$2,166,904,900*	\$1,798,604,900	\$1,798,604,900	\$2,048,604,900
TOTAL	\$70,410,295,800	\$70,120,549,600	\$70,139,568,500	\$70,380,619,600

*Includes Building Commission's recommendations.

TABLE 3**Summary of Total All Funds Appropriations by Agency**

<u>Agency</u>	2012-13 Adjusted <u>Base Doubled</u>	2013-15 <u>Governor</u>	2013-15 <u>Jt. Finance</u>	2013-15 <u>Legislature</u>	2013-15 <u>Act 20</u>	2013-15 Act 20 <u>Change Over Base</u>	
						<u>Amount</u>	<u>%</u>
Administration	\$2,442,165,600	\$1,915,558,000	\$1,867,027,200	\$1,867,027,200	\$1,867,027,200	- \$575,138,400	- 23.6%
Agriculture, Trade and Consumer Prot.	207,547,200	191,825,300	214,332,700	214,332,700	193,432,700	- 14,114,500	- 6.8
Board for People with Develop. Disab.	2,603,400	2,809,800	2,809,800	2,809,800	2,809,800	206,400	7.9
Board of Commissioners of Public Lands	3,094,400	3,099,400	3,099,400	3,099,400	3,099,400	5,000	0.2
Board on Aging and Long-Term Care	5,696,000	5,681,000	5,663,600	5,663,600	5,663,600	- 32,400	- 0.6
Building Commission	82,923,400	103,630,900	103,630,900	103,630,900	103,630,900	20,707,500	25.0
Child Abuse and Neglect Prevention Bd.	5,996,400	6,005,700	6,005,700	6,005,700	6,005,700	9,300	0.2
Children and Families	2,200,284,600	2,245,460,300	2,254,703,100	2,254,703,100	2,254,703,100	54,418,500	2.5
Circuit Courts	193,162,400	189,467,400	189,467,400	189,467,400	189,467,400	- 3,695,000	- 1.9
Compensation Reserves	287,762,000	244,728,300	334,172,800	334,172,800	334,172,800	46,410,800	16.1
Corrections	2,549,726,600	2,555,923,700	2,544,089,300	2,544,089,300	2,543,724,500	- 6,002,100	- 0.2
Court of Appeals	20,954,000	20,514,200	20,514,200	20,514,200	20,514,200	- 439,800	- 2.1
District Attorneys	90,414,000	94,118,200	94,960,000	94,960,000	94,960,000	4,546,000	5.0
Educational Communications Board	38,380,400	39,491,000	39,491,000	39,491,000	39,491,000	1,110,600	2.9
Employee Trust Funds	72,530,600	83,650,900	83,475,500	83,475,500	83,475,500	10,944,900	15.1
Employment Relations Commission	6,396,000	3,466,800	3,466,800	3,466,800	3,466,800	- 2,929,200	- 45.8
Environmental Improvement Fund	96,497,000	93,920,400	93,920,400	93,920,400	93,920,400	- 2,576,600	- 2.7
Financial Institutions	35,651,600	35,797,600	35,787,600	35,787,600	35,787,600	136,000	0.4
Fox River Navigational System Authority	250,800	250,800	250,800	250,800	250,800	0	0.0
Government Accountability Board	13,166,400	13,530,000	13,069,200	13,069,200	13,069,200	- 97,200	- 0.7
Governor	8,871,600	7,482,600	7,482,600	7,482,600	7,482,600	- 1,389,000	- 15.7
Health Services	18,093,107,000	20,142,778,300*	20,322,005,100*	20,322,005,100*	20,322,005,100*	2,228,898,100*	12.3
Higher Educational Aids Board	284,113,200	296,695,700	291,185,700	291,185,700	291,185,700	7,072,500	2.5
Historical Society	43,656,000	47,934,700	43,787,000	43,787,000	43,786,600	130,600	0.3
Insurance	208,578,000	216,082,600	216,024,000	216,024,000	216,024,000	7,446,000	3.6
Investment Board	70,600,000	70,600,000	70,600,000	70,600,000	70,600,000	0	0.0
Judicial Commission	581,800	578,900	578,900	578,900	578,900	- 2,900	- 0.5
Judicial Council	139,400	133,300	139,400	139,400	139,400	0	0.0
Justice	178,898,800	240,380,500	239,294,200	239,294,200	238,929,400	60,030,600	33.6
Legislature	152,094,200	150,163,600	149,991,100	149,991,100	149,991,100	- 2,103,100	- 1.4

<u>Agency</u>	<u>2012-13 Adjusted Base Doubled</u>	<u>2013-15 Governor</u>	<u>2013-15 Jt. Finance</u>	<u>2013-15 Legislature</u>	<u>2013-15 Act 20</u>	<u>2013-15 Act 20 Change Over Base</u>	
						<u>Amount</u>	<u>%</u>
Lieutenant Governor	\$787,000	\$633,200	\$633,200	\$633,200	\$633,200	-\$153,800	- 19.5%
Lower-WI State Riverway Board	405,200	417,500	417,500	417,500	417,500	12,300	3.0
Medical College of Wisconsin	15,818,000	18,683,700	19,188,600	19,188,600	19,188,600	3,370,600	21.3
Military Affairs	167,195,400	205,507,600	203,415,300	203,415,300	203,415,300	36,219,900	21.7
Miscellaneous Appropriations	249,704,800	261,625,300	274,017,700	274,017,700	274,017,700	24,312,900	9.7
Natural Resources	1,123,354,000	1,144,268,300	1,151,885,000	1,151,885,000	1,151,885,000	28,531,000	2.5
Office of State Employment Relations	11,286,200	12,004,600	11,984,700	11,984,700	11,984,700	698,500	6.2
Program Supplements	51,134,200	9,682,000	135,114,000	131,114,000	130,614,000	79,479,800	155.4
Public Defender	166,811,200	171,817,200	171,817,200	171,817,200	171,817,200	5,006,000	3.0
Public Instruction	12,056,969,800	12,345,025,200	12,472,459,300	12,476,678,200	12,472,459,300	415,489,500	3.4
Public Service Commission	48,966,600	47,430,400	48,430,400	48,430,400	48,430,400	- 536,200	- 1.1
Revenue	352,047,800	359,724,800	367,523,300	367,523,300	367,523,300	15,475,500	4.4
Safety and Professional Services	133,252,600	105,765,100	102,105,300	102,105,300	102,105,300	- 31,147,300	- 23.4
Secretary of State	1,027,200	1,015,600	1,015,600	1,015,600	1,015,600	- 11,600	- 1.1
Shared Revenue and Tax Relief	4,762,697,200	4,834,613,200	4,785,965,100	4,804,765,100	4,825,665,100	62,967,900	1.3
State Fair Park	44,359,800	45,664,900	45,191,700	45,191,700	45,191,700	831,900	1.9
State Treasurer	9,722,200	9,752,200	1,089,600	1,089,600	1,089,600	- 8,632,600	- 88.8
Supreme Court	63,995,000	62,352,500	62,352,500	62,352,500	62,352,500	- 1,642,500	- 2.6
Tourism	35,427,400	35,924,600	35,656,800	35,656,800	35,656,800	229,400	0.6
Transportation	5,933,278,600	6,095,893,200	6,030,812,700	6,030,812,700	6,030,812,700	97,534,100	1.6
University of Wisconsin System	11,624,964,000	12,018,501,200	11,834,940,900	11,834,940,900	11,834,940,900	209,976,900	1.8
Veterans Affairs	274,897,200	283,814,900	278,079,900	278,079,900	278,079,900	3,182,700	1.2
WI Economic Development Corporation	153,959,600	128,001,400	55,550,700	55,550,700	55,550,700	- 98,408,900	- 63.9
WI Housing and Economic Develop. Auth.	0	2,500,000	6,000,000	6,000,000	2,500,000	2,500,000	N.A.
Wisconsin Technical College System	292,590,600	295,992,300	297,163,100	297,163,100	297,163,100	4,572,500	1.6
Workforce Development	<u>659,659,200</u>	<u>725,020,100</u>	<u>678,109,200</u>	<u>678,109,200</u>	<u>678,109,200</u>	<u>18,450,000</u>	2.8
TOTAL	\$65,630,153,600	\$68,243,390,900*	\$68,321,944,700*	\$68,340,963,600*	\$68,332,014,700*	\$2,701,861,100*	4.1%

*Includes \$831,998,000 in the Department of Health Services to correctly record certain program revenue amounts as appropriations rather than offsets to medical assistance benefit expenditures. These amounts have previously not been shown as appropriations. Without this change, the 2013-15 total increase over the base year doubled would be \$1,869,863,100 or 2.9%, rather than the \$2,701,861,100 and 4.1% shown in the table.

TABLE 4

Appropriations Comparisons

All Funds Comparison

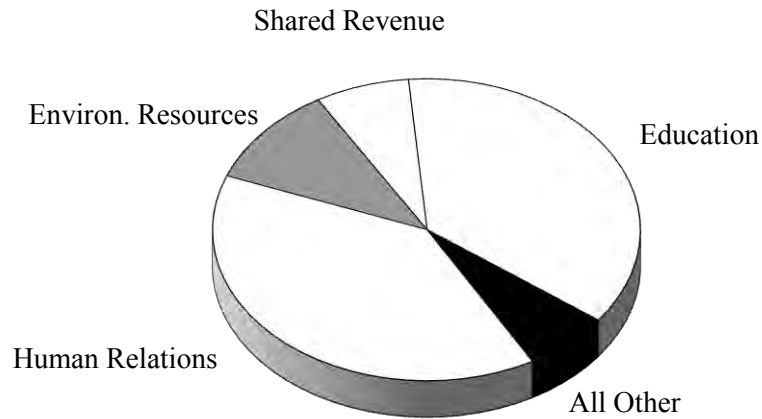
	2013-15 <u>Governor</u>	2013-15 <u>Jt. Finance</u>	2013-15 <u>Legislature</u>	2013-15 <u>Act 20</u>
	\$68,243,390,900	\$68,321,944,700	\$68,340,963,600	\$68,332,014,700
Change to:				
Base	\$2,613,237,300	\$2,691,791,100	\$2,710,810,000	\$2,701,861,100
Governor		78,553,800	97,572,700	88,623,800
Jt. Finance			19,018,900	10,070,000
Legislature				- 8,948,900

General Fund Comparison

	2013-15 <u>Governor</u>	2013-15 <u>Jt. Finance</u>	2013-15 <u>Legislature</u>	2013-15 <u>Act 20</u>
	\$30,608,604,600	\$30,604,371,800	\$30,627,390,700	\$30,622,306,800
Change to:				
Base	\$932,690,600	\$928,457,800	\$951,476,700	\$946,392,800
Governor		- 4,232,800	18,786,100	13,702,200
Jt. Finance			23,018,900	17,935,000
Legislature				- 5,083,900

FIGURE 1

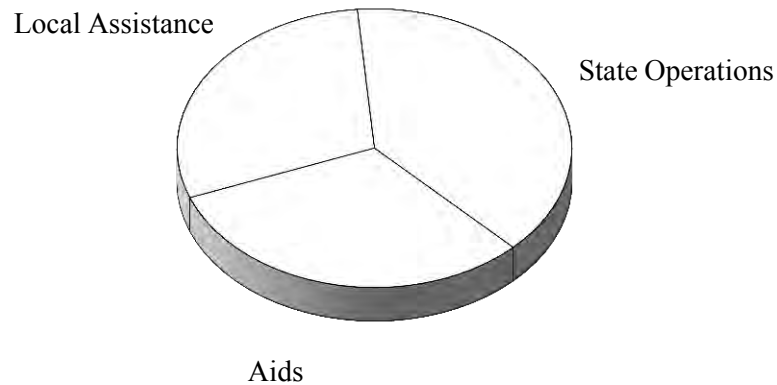
2013-15 All Funds Appropriations By Functional Area



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Human Relations and Resources	\$26,634,372,400	39.0%
Education	24,998,215,200	36.6
Environmental Resources	7,312,943,200	10.7
Shared Revenue and Tax Relief	4,825,665,100	7.1
All Other		
General Executive	2,598,817,500	3.8
Commerce	696,522,400	1.0
General Appropriations	508,262,600	0.7
Compensation Reserves	334,172,800	0.5
Judicial	273,052,400	0.4
Legislative	<u>149,991,100</u>	<u>0.2</u>
TOTAL	\$68,332,014,700	100.0%

FIGURE 2

2013-15 All Funds Appropriations By Purpose



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
State Operations	(\$26,648,012,800)	(39.0%)
UW System	11,832,416,500	17.3
Corrections	2,266,467,200	3.3
Other Programs	12,214,956,300	17.9
Compensation Reserves	334,172,800	0.5
Aids to Individuals and Organizations	21,566,435,000	31.6
Local Assistance	<u>20,117,566,900</u>	<u>29.4</u>
TOTAL	\$68,332,014,700	100.0%

TABLE 5**Summary of All Funds Full-Time Equivalent Positions by Agency**

	2012-13 <u>Base</u>	2014-15 <u>Governor</u>	2014-15 <u>Jt. Finance</u>	2014-15 <u>Legislature</u>	2014-15 <u>Act 20</u>	Act 20 <u>Change to Base</u>
Administration	1,027.31	1,008.03	1,000.03	1,000.03	1,000.03	- 27.28
Agriculture, Trade and Consumer Protection	594.89	630.89	625.89	625.89	625.89	31.00
Board for People with Develop. Disabilities	6.75	6.75	6.75	6.75	6.75	0.00
Board of Commissioners of Public Lands	8.50	9.50	9.50	9.50	9.50	1.00
Board on Aging and Long-Term Care	37.00	37.00	37.00	37.00	37.00	0.00
Child Abuse and Neglect Prevention Board	6.00	6.00	6.00	6.00	6.00	0.00
Children and Families	778.00	788.61	788.61	788.61	788.61	10.61
Circuit Courts	527.00	527.00	527.00	527.00	527.00	0.00
Corrections	10,254.37	10,305.02	10,192.62	10,192.62	10,192.62	- 61.75
Court of Appeals	75.50	75.50	75.50	75.50	75.50	0.00
District Attorneys	424.90	422.90	425.95	425.95	425.95	1.05
Educational Communications Board	56.68	56.68	56.68	56.68	56.68	0.00
Employee Trust Funds	260.20	262.20	260.20	260.20	260.20	0.00
Employment Relations Commission	25.50	9.01	9.01	9.01	9.01	- 16.49
Financial Institutions	136.54	141.54	141.54	141.54	141.54	5.00
Government Accountability Board	53.75	48.75	48.75	48.75	48.75	- 5.00
Governor	37.25	37.25	37.25	37.25	37.25	0.00
Health Services	5,923.80	6,204.05	6,183.55	6,183.55	6,183.55	259.75
Higher Educational Aids Board	11.00	11.00	11.00	11.00	11.00	0.00
Historical Society	131.54	136.04	118.04	118.04	125.04	- 6.50
Insurance	152.30	154.30	154.30	154.30	154.30	2.00
Investment Board	145.10	145.10	145.10	145.10	145.10	0.00
Judicial Commission	2.00	2.00	2.00	2.00	2.00	0.00
Judicial Council	1.00	1.00	1.00	1.00	1.00	0.00
Justice	609.49	675.74	671.74	671.74	671.74	62.25
Legislature	777.97	777.97	777.97	777.97	777.97	0.00
Lieutenant Governor	4.00	4.00	4.00	4.00	4.00	0.00
Lower-WI State Riverway Board	2.00	2.00	2.00	2.00	2.00	0.00
Military Affairs	416.56	428.86	428.86	428.86	428.86	12.30
Natural Resources	2,658.94	2,670.34	2,624.54	2,624.54	2,624.54	- 34.40

	2012-13 <u>Base</u>	2014-15 <u>Governor</u>	2014-15 <u>Jt. Finance</u>	2014-15 <u>Legislature</u>	2014-15 <u>Act 20</u>	Act 20 <u>Change to Base</u>
Office of State Employment Relations	48.65	49.95	49.95	49.95	49.95	1.30
Public Defender	579.85	579.85	579.85	579.85	579.85	0.00
Public Instruction	635.57	629.96	625.96	625.96	625.96	- 9.61
Public Service Commission	153.00	147.00	147.00	147.00	147.00	- 6.00
Revenue	1,052.08	1,090.13	1,089.28	1,089.28	1,089.28	37.20
Safety and Professional Services	369.60	284.60	262.60	262.60	262.60	- 107.00
Secretary of State	4.00	4.00	4.00	4.00	4.00	0.00
State Fair Park	39.90	39.00	40.00	40.00	40.00	0.10
State Treasurer	9.95	9.95	4.00	4.00	4.00	- 5.95
Supreme Court	219.75	219.75	219.75	219.75	219.75	0.00
Tourism	35.00	35.00	35.00	35.00	35.00	0.00
Transportation	3,350.04	3,549.04	3,521.04	3,521.04	3,521.04	171.00
University of Wisconsin System	34,675.96	34,688.96	34,677.96	34,677.96	34,677.96	2.00
Veterans Affairs	1,136.10	1,330.70	1,328.70	1,328.70	1,328.70	192.60
Wisconsin Technical College System	63.00	58.00	63.00	63.00	63.00	0.00
Workforce Development	1,744.81	1,672.76	1,672.76	1,672.76	1,672.76	-72.05
Unspecified Reduction			<u>- 450.00</u>	<u>- 450.00</u>	<u>- 450.00</u>	<u>- 450.00</u>
TOTAL	69,263.10	69,973.68	69,243.23	69,243.23	69,250.23	- 12.87

TABLE 6

Full-Time Equivalent Positions Summary by Funding Source

	2012-13 <u>Base</u>	2014-15 <u>Governor</u>	2014-15 <u>Jt. Finance</u>	2014-15 <u>Legislature</u>	2014-15 <u>Act 20</u>	Act 20 Change to Base
GPR	35,796.58	36,097.21	35,936.93	35,936.93	35,943.26	146.68
FED	10,662.93	10,664.32	10,637.44	10,637.44	10,637.44	- 25.49
PR	17,753.23	16,783.14	17,902.92	17,902.92	17,902.92	149.69
SEG	5,050.36	6,429.01	5,215.94	5,215.94	5,216.61	166.25
Unspecified Reduction	_____	_____ 0.00	_____ - 450.00	_____ - 450.00	_____ - 450.00	_____ - 450.00
TOTAL	69,263.10	69,973.68	69,243.23	69,243.23	69,250.23	- 12.87

All Funds Comparison

	2012-13 <u>Base</u>	2014-15 <u>Governor</u>	2014-15 <u>Jt. Finance</u>	2014-15 <u>Legislature</u>	2014-15 <u>Act 20</u>
Authorized Positions	69,263.10	69,973.68	69,243.23	69,243.23	69,250.23
Change to Base		710.58	- 19.87	- 19.87	- 12.87
Change to Governor			- 730.45	- 730.45	- 723.45
Change to Jt. Finance				0.00	7.00
Change to Legislature					7.00

General Fund Comparison

	2012-13 <u>Base</u>	2014-15 <u>Governor</u>	2014-15 <u>Jt. Finance</u>	2014-15 <u>Legislature</u>	2014-15 <u>Act 20</u>
Authorized Positions	35,796.58	36,097.21	35,936.93	35,936.93	35,943.26
Change to Base		300.63	140.35	140.35	146.68
Change to Governor			- 160.28	- 160.28	- 153.95
Change to Jt. Finance				0.00	6.33
Change to Legislature					6.33

OVERVIEW

GENERAL FUND BUDGET AND POSITION SUMMARIES

TABLE 7

2013-15 General Fund Condition Statement

	<u>2013-14</u>	<u>2014-15</u>
Revenues		
Opening Balance, July 1	\$669,569,900	\$463,540,700
Taxes	14,013,498,000	14,517,548,000
Departmental Revenues		
Tribal Gaming Revenues	26,260,300	27,013,000
Other	<u>590,132,300</u>	<u>534,210,900</u>
Total Available	\$15,299,460,500	\$15,542,312,600
 Appropriations and Reserves		
Gross Appropriations	\$14,977,116,200	\$15,433,381,900
2013 Act 9	9,160,000	10,660,000
Transfers to		
Transportation Fund	60,877,000	143,837,100
Veterans Trust Fund	5,300,000	0
Compensation Reserves	78,752,200	133,056,500
Less Lapses	<u>-295,285,600</u>	<u>-334,929,700</u>
Net Appropriations	\$14,835,919,800	\$15,386,005,800
 Balances		
Gross Balance	\$463,540,700	\$156,306,800
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$398,540,700	\$91,306,800

TABLE 8**Estimated 2013-15 General Fund Taxes**

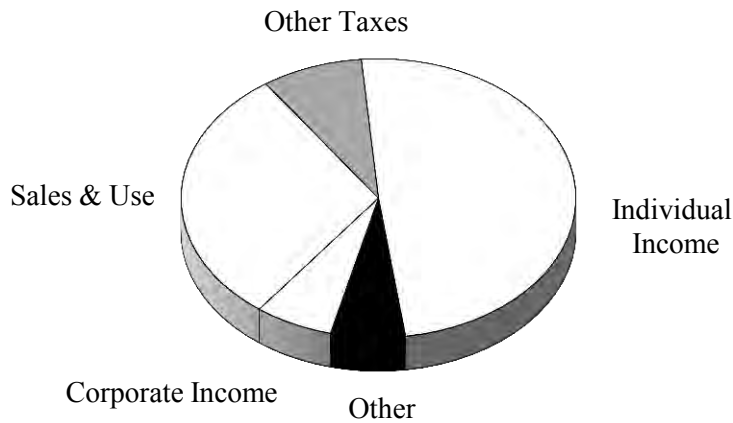
<u>Tax Source</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-15</u>	<u>Percent of Total</u>
Individual Income	\$7,295,261,000	\$7,651,006,000	\$14,946,267,000	52.4%
Sales and Use	4,497,640,000	4,607,220,000	9,104,860,000	31.9
Corporate Income and Franchise	961,805,000	993,830,000	1,955,635,000	6.9
Public Utility	358,292,000	355,892,000	714,184,000	2.5
Excise				
Cigarette	551,200,000	541,400,000	1,092,600,000	3.8
Tobacco Products	64,700,000	66,700,000	131,400,000	0.5
Liquor and Wine	50,500,000	51,500,000	102,000,000	0.4
Beer	9,100,000	9,000,000	18,100,000	0.1
Insurance Company	160,000,000	168,000,000	328,000,000	1.1
Miscellaneous	<u>65,000,000</u>	<u>73,000,000</u>	<u>138,000,000</u>	<u>0.5</u>
TOTAL	\$14,013,498,000	\$14,517,548,000	\$28,531,046,000	100.0%

TABLE 9**Estimated 2013-15 Departmental Revenues**

	<u>2013-14</u>	<u>2014-15</u>	<u>2013-15</u>
Administration	\$5,611,500	\$5,611,500	\$11,223,000
Agriculture, Trade and Consumer Protection	77,100	77,100	154,200
Building Commission	7,250,000	0	7,250,000
Children and Families	218,000	218,000	436,000
Circuit Courts	44,100,000	44,100,000	88,200,000
Corrections	2,330,000	2,330,000	4,660,000
Court of Appeals	192,000	192,000	384,000
Educational Communications Board	10,000	10,000	20,000
Financial Institutions	62,799,300	62,512,100	125,311,400
Health Services	40,886,500	40,586,500	81,473,000
Higher Educational Aids Board	540,000	540,000	1,080,000
Insurance	22,444,700	18,810,700	41,255,400
Justice	2,207,200	363,600	2,570,800
Miscellaneous Appropriations	4,750,000	4,500,000	9,250,000
Natural Resources	5,776,500	5,576,500	11,353,000
Pension Obligation Bonds	166,181,700	135,043,200	301,224,900
PR Lapses to General Fund	38,176,100	38,176,100	76,352,200
Public Defender	400	400	800
Public Instruction	1,509,000	1,521,700	3,030,700
Public Service Commission	1,394,400	1,410,900	2,805,300
Revenue	60,004,400	65,821,500	125,825,900
Safety and Professional Services	1,959,000	1,419,300	3,378,300
Shared Revenue and Tax Relief	9,423,500	9,423,500	18,847,000
Supreme Court	43,500	43,500	87,000
Tobacco Settlement Revenues	95,620,000	79,295,300	174,915,300
Tourism	12,000	12,000	24,000
Transportation	2,000,000	2,000,000	4,000,000
University of Wisconsin System	14,374,400	14,374,400	28,748,800
Wisconsin Technical College System	64,000	64,000	128,000
Workforce Development	<u>177,100</u>	<u>177,100</u>	<u>354,200</u>
Subtotal	\$590,132,300	\$534,210,900	\$1,124,343,200
Tribal Gaming	<u>26,260,300</u>	<u>27,013,000</u>	<u>53,273,300</u>
TOTAL	\$616,392,600	\$561,223,900	\$1,177,616,500

FIGURE 3

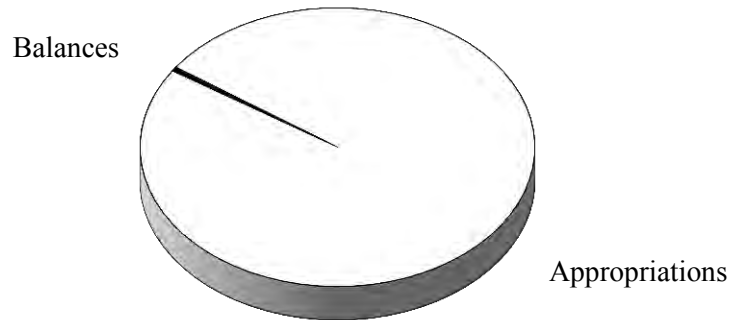
Estimated 2013-15 General Fund Revenues



<u>Tax Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Individual Income	\$14,946,267,000	49.2%
Sales and Use	9,104,860,000	30.0
Corporate Income and Franchise	1,955,635,000	6.4
Public Utility	714,184,000	2.3
Excise		
Cigarette	1,092,600,000	3.6
Tobacco Products	131,400,000	0.4
Liquor and Wine	102,000,000	0.3
Beer	18,100,000	0.1
Insurance	328,000,000	1.1
Miscellaneous	<u>138,000,000</u>	<u>0.5</u>
Total -- Taxes	\$28,531,046,000	93.9%
Other		
Opening Balance, July 1, 2013	\$669,569,900	2.2%
Departmental Revenues	<u>1,177,616,500</u>	<u>3.9</u>
Total -- Other	\$1,847,186,400	6.1%
GRAND TOTAL	\$30,378,232,400	100.0%

FIGURE 4

Use of 2013-15 General Fund Revenues



<u>Use</u>	<u>Amount</u>	<u>Percent of Total</u>
Appropriations	(\$30,852,140,900)	(99.5%)
Gross Appropriations	30,410,498,100	98.1
Compensation Reserves	211,808,700	0.7
Transfers and Other 2013 Acts	229,834,100	0.7
Balances	(156,306,800)	(0.5)
Statutory Balance	65,000,000	0.2
Net Balance	<u>91,306,800</u>	<u>0.3</u>
GROSS TOTAL	\$31,008,447,700	100.0%
Less Lapses	<u>-630,215,300</u>	
NET TOTAL	\$30,378,232,400	

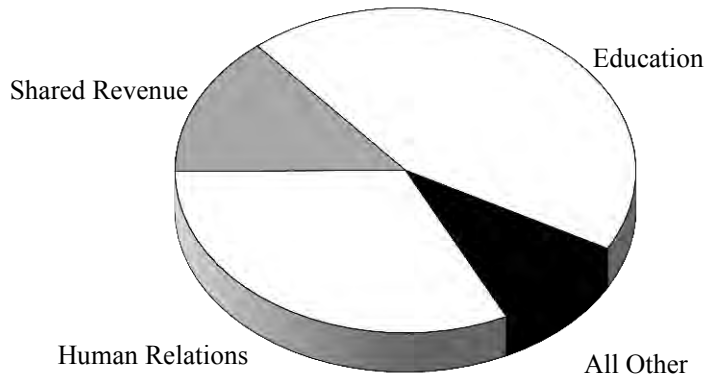
TABLE 10**Summary of General Fund Appropriations by Agency**

<u>Agency</u>	2012-13 Adjusted <u>Base Doubled</u>	2013-15 <u>Governor</u>	2013-15 <u>Jt. Finance</u>	2013-15 <u>Legislature</u>	2013-15 <u>Act 20</u>	2013-15 Act 20 <u>Change Over Base</u>	
						<u>Amount</u>	<u>%</u>
Administration	\$1,295,949,800	\$861,503,900	\$835,939,200	\$835,939,200	\$835,939,200	-\$460,010,600	- 35.5%
Agriculture, Trade and Consumer Prot.	57,662,000	53,103,700	74,267,700	74,267,700	53,367,700	- 4,294,300	- 7.4
Board for People with Develop. Disab.	51,800	118,200	118,200	118,200	118,200	66,400	128.2
Board on Aging and Long-Term Care	2,154,400	2,252,600	2,235,200	2,235,200	2,235,200	80,800	3.8
Building Commission	78,590,800	94,183,000	94,183,000	94,183,000	94,183,000	15,592,200	19.8
Child Abuse and Neglect Prevention Bd.	1,999,200	1,993,400	1,993,400	1,993,400	1,993,400	- 5,800	- 0.3
Children and Families	710,823,400	703,174,400	705,820,000	705,820,000	705,820,000	- 5,003,400	- 0.7
Circuit Courts	192,697,000	189,002,000	189,002,000	189,002,000	189,002,000	- 3,695,000	- 1.9
Compensation Reserves	123,820,000	122,364,200	211,808,700	211,808,700	211,808,700	87,988,700	71.1
Corrections	2,316,365,200	2,326,216,600	2,315,095,600	2,315,095,600	2,315,095,600	- 1,269,600	- 0.1
Court of Appeals	20,954,000	20,514,200	20,514,200	20,514,200	20,514,200	- 439,800	- 2.1
District Attorneys	83,790,200	87,189,100	88,030,900	88,030,900	88,030,900	4,240,700	5.1
Educational Communications Board	16,078,600	15,848,600	15,848,600	15,848,600	15,848,600	- 230,000	- 1.4
Employee Trust Funds	866,200	571,200	638,000	638,000	638,000	- 228,200	- 26.3
Employment Relations Commission	5,149,600	3,178,400	3,178,400	3,178,400	3,178,400	- 1,971,200	- 38.3
Environmental Improvement Fund	80,497,000	77,920,400	77,920,400	77,920,400	77,920,400	- 2,576,600	- 3.2
Government Accountability Board	5,329,400	5,645,300	5,184,500	5,184,500	5,184,500	- 144,900	- 2.7
Governor	8,871,600	7,482,600	7,482,600	7,482,600	7,482,600	- 1,389,000	- 15.7
Health Services	5,649,021,200	6,412,143,400	6,499,787,100	6,499,787,100	6,499,787,100	850,765,900	15.1
Higher Educational Aids Board	278,508,200	291,090,700	227,235,300	227,235,300	227,235,300	- 51,272,900	- 18.4
Historical Society	28,265,800	29,846,000	28,230,500	28,230,500	28,230,300	- 35,500	- 0.1
Judicial Commission	581,800	578,900	578,900	578,900	578,900	- 2,900	- 0.5
Judicial Council	139,400	133,300	139,400	139,400	139,400	0	0.0
Justice	83,396,200	92,453,300	90,664,900	90,664,900	90,300,100	6,903,900	8.3
Legislature	148,192,000	146,179,500	146,007,000	146,007,000	146,007,000	- 2,185,000	- 1.5

<u>Agency</u>	2012-13 Adjusted <u>Base Doubled</u>	2013-15 <u>Governor</u>	2013-15 <u>Jt. Finance</u>	2013-15 <u>Legislature</u>	2013-15 <u>Act 20</u>	2013-15 Act 20 <u>Change Over Base</u>	
						<u>Amount</u>	<u>%</u>
Lieutenant Governor	\$787,000	\$633,200	\$633,200	\$633,200	\$633,200	-\$153,800	- 19.5%
Medical College of Wisconsin	15,323,000	18,188,700	18,693,600	18,693,600	18,693,600	3,370,600	22.0
Military Affairs	48,026,000	48,398,100	48,350,700	48,350,700	48,350,700	324,700	0.7
Miscellaneous Appropriations	192,268,800	201,423,300	213,142,800	213,142,800	213,142,800	20,874,000	10.9
Natural Resources	256,920,400	274,908,700	279,123,300	279,123,300	279,123,300	22,202,900	8.6
Program Supplements	39,079,800	9,682,000	108,527,100	108,527,100	108,027,100	68,947,300	176.4
Public Defender	164,232,200	169,214,700	169,214,700	169,214,700	169,214,700	4,982,500	3.0
Public Instruction	10,324,891,800	10,601,436,800	10,735,659,000	10,739,877,900	10,735,659,000	410,767,200	4.0
Revenue	186,431,000	180,734,000	180,076,400	180,076,400	180,076,400	- 6,354,600	- 3.4
Safety and Professional Services	4,826,400	4,824,600	4,824,600	4,824,600	4,824,600	- 1,800	< -0.1
Shared Revenue and Tax Relief	4,295,778,200	4,293,888,400	4,252,815,300	4,271,615,300	4,292,515,300	- 3,262,900	- 0.1
State Fair Park	6,738,600	6,989,500	6,989,500	6,989,500	6,989,500	250,900	3.7
Supreme Court	30,550,600	29,577,600	29,577,600	29,577,600	29,577,600	- 973,000	- 3.2
Tourism	9,348,400	10,648,200	10,537,400	10,537,400	10,537,400	1,189,000	12.7
Transportation	324,592,000	427,950,600	315,585,200	315,585,200	315,585,200	- 9,006,800	- 2.8
University of Wisconsin System	2,249,806,800	2,431,154,000	2,247,320,900	2,247,320,900	2,247,320,900	- 2,485,900	- 0.1
Veterans Affairs	5,255,400	4,789,300	4,180,300	4,180,300	4,180,300	- 1,075,100	- 20.5
WI Economic Development Corporation	65,581,200	73,623,000	35,274,400	35,274,400	35,274,400	- 30,306,800	- 46.2
WI Housing and Economic Develop. Auth.	0	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	N.A.
Wisconsin Technical College System	216,494,600	221,578,900	221,578,900	221,578,900	221,578,900	5,084,300	2.3
Workforce Development	<u>49,227,000</u>	<u>51,774,100</u>	<u>77,863,200</u>	<u>77,863,200</u>	<u>77,863,200</u>	<u>28,636,200</u>	58.2
TOTAL	\$29,675,914,000	\$30,608,604,600	\$30,604,371,800	\$30,627,390,700	\$30,622,306,800	\$946,392,800	3.2%

FIGURE 5

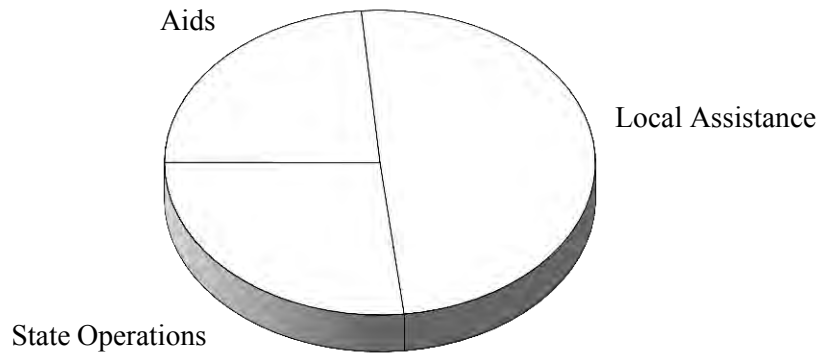
**2013-15 General Fund Appropriations
By Functional Area**



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$13,494,566,600	44.1%
Human Relations and Resources	9,839,453,100	32.1
Shared Revenue and Tax Relief	4,292,515,300	14.0
All Other		
General Executive	1,199,168,600	3.9
Environmental Resources	683,166,300	2.2
General Appropriations	415,352,900	1.4
Judicial	239,812,100	0.8
Compensation Reserves	211,808,700	0.7
Legislative	146,007,000	0.5
Commerce	100,456,200	0.3
TOTAL	\$30,622,306,800	100.0%

FIGURE 6

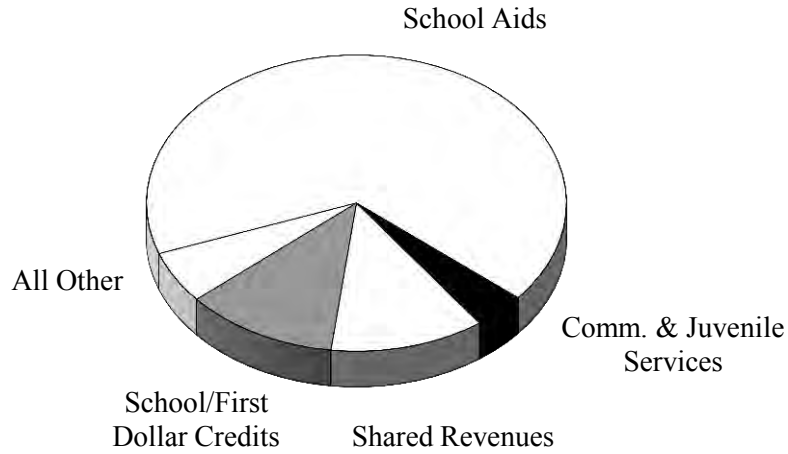
2013-15 General Fund Appropriations By Purpose



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$15,198,108,000	49.6%
State Operations	(8,211,500,500)	(26.8)
UW System	2,247,320,900	7.3
Corrections	2,058,111,800	6.7
Other Programs	3,694,259,100	12.1
Compensation Reserves	211,808,700	0.7
Aids to Individuals and Organizations	<u>7,212,698,300</u>	<u>23.6</u>
TOTAL	\$30,622,306,800	100.0%

FIGURE 7

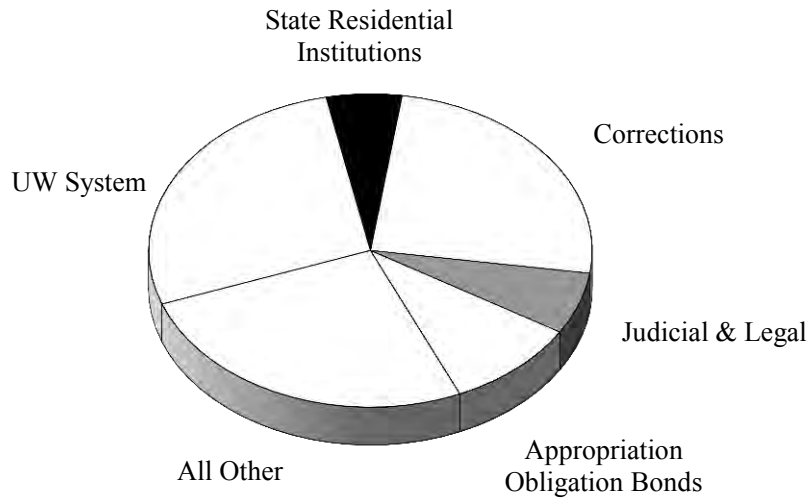
**2013-15 General Fund Appropriations
Local Assistance**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
Elementary and Secondary School Aids	\$10,125,117,000	66.6%
Shared Revenues	1,811,492,800	11.9
School Levy/First Dollar Tax Credits	1,793,219,100	11.8
Community & Juvenile Correctional Services	611,425,300	4.0
Technical College System Aids	211,594,500	1.4
Long-Term Care Programs	175,619,400	1.2
Environmental Aid	135,494,100	0.9
Other	<u>334,145,800</u>	<u>2.2</u>
TOTAL	\$15,198,108,000	100.0%

FIGURE 8

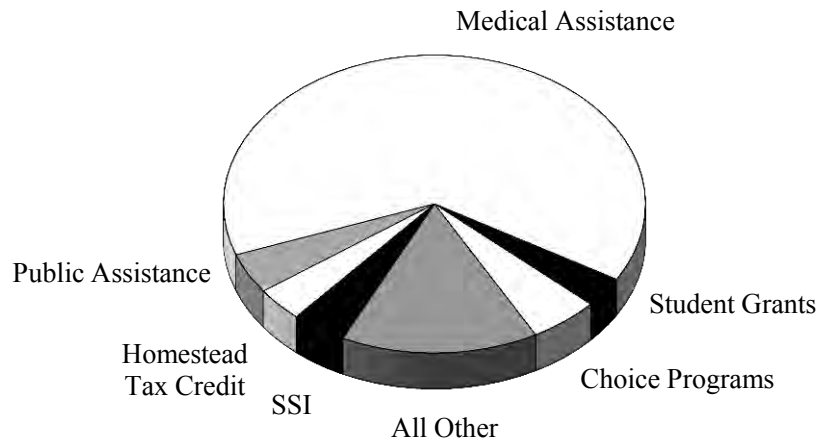
**2013-15 General Fund Appropriations
State Operations**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
UW System	\$2,247,320,900	27.4%
Correctional Operations	2,058,111,800	25.1
Appropriation Obligation Bonds	793,118,400	9.6
Judicial and Legal Services	525,269,600	6.4
State Residential Institutions	451,183,900	5.5
DHS/Workforce Development	292,911,100	3.5
Natural Resources	228,124,100	2.8
Compensation Reserves	211,808,700	2.6
Tax Administration	180,076,400	2.2
Legislature	146,007,000	1.8
Other	<u>1,077,568,600</u>	<u>13.1</u>
TOTAL	\$8,211,500,500	100.0%

FIGURE 9

**2013-15 General Fund Appropriations
Aids to Individuals and Organizations**



<u>Program</u>	<u>Amount</u>	<u>Percent of Total</u>
Medical Assistance	\$4,616,643,800	64.0%
Parental Choice Programs	384,784,300	5.3
Public Assistance	320,254,000	4.4
Supplemental Security Income	300,797,600	4.2
Homestead Tax Credit	262,800,000	3.7
Student Grants and Aids	236,252,700	3.3
Independent "2r" Charter Schools	134,445,000	1.9
Foster Care and Adoptions Services	109,404,900	1.5
Earned Income Tax Credit	93,600,000	1.3
Prescription Drugs Assistance for Elderly	37,835,900	0.5
Milwaukee Child Welfare	31,200,500	0.4
Other	<u>684,679,600</u>	<u>9.5</u>
TOTAL	\$7,212,698,300	100.0%

TABLE 11
Distribution of 2013-15 General Fund Appropriations

	2013-14			2014-15			Total		
	<u>Amount</u>	<u>% of Category</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Category</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Category</u>	<u>% of Total</u>
LOCAL ASSISTANCE									
Elementary and Secondary School Aids	\$4,993,807,300	66.4%	33.2%	\$5,131,309,700	66.9%	33.0%	\$10,125,117,000	66.6%	33.1%
Shared Revenues	903,871,400	12.0	6.0	907,621,400	11.8	5.8	1,811,492,800	11.9	5.9
School Levy/First Dollar Tax Credits	895,819,100	11.9	5.9	897,400,000	11.7	5.8	1,793,219,100	11.8	5.8
Community and Juvenile Correctional Services	309,968,000	4.1	2.0	301,457,300	3.9	1.9	611,425,300	4.0	2.0
Technical College System Aids	101,171,200	1.3	0.7	110,423,300	1.4	0.7	211,594,500	1.4	0.7
Long-Term Care Programs	87,809,700	1.2	0.6	87,809,700	1.2	0.6	175,619,400	1.2	0.6
Environmental Aids	66,557,500	0.9	0.4	68,936,600	0.9	0.4	135,494,100	0.9	0.4
Other	162,168,500	2.2	1.1	171,977,300	2.2	1.1	334,145,800	2.2	1.1
TOTAL--LOCAL ASSISTANCE	\$7,521,172,700	100.0%	49.9%	\$7,676,935,300	100.0%	49.3%	\$15,198,108,000	100.0%	49.6%
STATE OPERATIONS									
UW System	\$1,119,014,200	27.3%	7.4%	\$1,128,306,700	27.4%	7.2%	\$2,247,320,900	27.4%	7.3%
Correctional Operations	1,030,401,300	25.2	6.8	1,027,710,500	25.0	6.6	2,058,111,800	25.1	6.7
Appropriation Obligation Bonds	399,991,300	9.8	2.7	393,127,100	9.5	2.5	793,118,400	9.6	2.6
Judicial and Legal Services	263,839,200	6.5	1.8	261,430,400	6.3	1.7	525,269,600	6.4	1.7
State Residential Institutions	222,480,000	5.4	1.5	228,703,900	5.6	1.5	451,183,900	5.5	1.5
DHS/Workforce Development	152,264,900	3.7	1.0	140,646,200	3.4	0.9	292,911,100	3.5	1.0
Natural Resources	112,630,600	2.8	0.7	115,493,500	2.8	0.7	228,124,100	2.8	0.7
Compensation Reserves	78,752,200	1.9	0.5	133,056,500	3.2	0.9	211,808,700	2.6	0.7
Tax Administration	90,364,900	2.2	0.6	89,711,500	2.2	0.6	180,076,400	2.2	0.6
Legislature	73,080,700	1.8	0.5	72,926,300	1.8	0.5	146,007,000	1.8	0.5
Other	549,802,500	13.4	3.7	527,766,100	12.8	3.4	1,077,568,600	13.1	3.5
TOTAL--STATE OPERATIONS	\$4,092,621,800	100.0%	27.2%	\$4,118,878,700	100.0%	26.5%	\$8,211,500,500	100.0%	26.8%
AIDS TO INDIVIDUALS AND ORGANIZATIONS									
Medical Assistance	\$2,216,395,000	64.4%	14.7%	\$2,400,248,800	63.7%	15.4%	\$4,616,643,800	64.0%	15.1%
Parental Choice Programs	172,323,500	5.0	1.1	212,460,800	5.6	1.4	384,784,300	5.3	1.3
Public Assistance	160,127,000	4.7	1.1	160,127,000	4.2	1.0	320,254,000	4.4	1.0
Supplemental Security Income	149,190,200	4.3	1.0	151,607,400	4.0	1.0	300,797,600	4.2	1.0
Homestead Tax Credit	131,700,000	3.8	0.9	131,100,000	3.5	0.8	262,800,000	3.7	0.9
Student Grants and Aids	89,422,000	2.6	0.6	146,830,700	3.9	0.9	236,252,700	3.3	0.8
Independent "2r" Charter Schools	64,192,500	1.9	0.4	70,252,500	1.9	0.5	134,445,000	1.9	0.4
Foster Care and Adoption Assistance	54,162,300	1.6	0.4	55,242,600	1.5	0.4	109,404,900	1.5	0.4
Earned Income Tax Credit	44,200,000	1.3	0.3	49,400,000	1.3	0.3	93,600,000	1.3	0.3
Prescription Drugs Assistance for Elderly	18,519,900	0.5	0.1	19,316,000	0.5	0.1	37,835,900	0.5	0.1
Milwaukee Child Welfare	15,725,300	0.4	0.1	15,475,200	0.4	0.1	31,200,500	0.4	0.1
Other	326,116,200	9.5	2.2	358,563,400	9.5	2.3	684,679,600	9.5	2.2
TOTAL--AIDS	\$3,442,073,900	100.0%	22.9%	\$3,770,624,400	100.0%	24.2%	\$7,212,698,300	100.0%	23.6%
GRAND TOTAL	\$15,055,868,400		100.0%	\$15,566,438,400		100.0%	\$30,622,306,800		100.0%

TABLE 12**Ten Largest General Fund Programs for 2013-15**

	<u>2013-14</u>			<u>2014-15</u>			<u>Total</u>		
	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
Elementary and Secondary School Aids	\$4,993,807,300	33.2%	33.2%	\$5,131,309,700	33.0%	33.0%	\$10,125,117,000	33.1%	33.1%
Medical Assistance	2,216,395,000	14.7	47.9	2,400,248,800	15.4	48.4	4,616,643,800	15.1	48.2
UW System	1,119,014,200	7.4	55.3	1,128,306,700	7.2	55.6	2,247,320,900	7.3	55.5
Correctional Operations	1,030,401,300	6.8	62.1	1,027,710,500	6.6	62.2	2,058,111,800	6.7	62.2
Shared Revenues	903,871,400	6.0	68.1	907,621,400	5.8	68.0	1,811,492,800	5.9	68.1
School Levy/First Dollar Tax Credits	895,819,100	5.9	74.0	897,400,000	5.8	73.8	1,793,219,100	5.8	73.9
Appropriation Obligation Bonds	399,991,300	2.7	76.7	393,127,100	2.5	76.3	793,118,400	2.6	76.5
Community and Juvenile Correctional Services	309,968,000	2.1	78.8	301,457,300	1.9	78.2	611,425,300	2.0	78.5
Judicial and Legal Services	263,839,200	1.8	80.6	261,430,400	1.7	79.9	525,269,600	1.7	80.2
State Residential Institutions	<u>222,480,000</u>	<u>1.5</u>	82.1	<u>228,703,900</u>	<u>1.5</u>	81.4	<u>451,183,900</u>	<u>1.5</u>	81.7
Subtotal	\$12,355,586,800	82.1%		\$12,677,315,800	81.4%		\$25,032,902,600	81.7%	
All Other Programs	<u>2,700,281,600</u>	<u>17.9</u>	100.0	<u>2,889,122,600</u>	<u>18.6</u>	100.0	<u>5,589,404,200</u>	<u>18.3</u>	100.0
GRAND TOTAL	\$15,055,868,400	100.0%		\$15,566,438,400	100.0%		\$30,622,306,800	100.0%	

TABLE 13**Summary of General Fund Full-Time Equivalent Positions by Agency**

	2012-13 <u>Base</u>	2014-15 <u>Governor</u>	2014-15 <u>Jt. Finance</u>	2014-15 <u>Legislature</u>	2014-15 <u>Act 20</u>	Act 20 <u>Change to Base</u>
Administration	98.25	95.84	95.84	95.84	95.84	- 2.41
Agriculture, Trade and Consumer Prot.	211.00	211.00	211.00	211.00	211.00	0.00
Board on Aging and Long-Term Care	14.73	15.73	15.73	15.73	15.73	1.00
Child Abuse and Neglect Prevention Bd.	1.00	1.00	1.00	1.00	1.00	0.00
Children and Families	217.65	218.65	218.65	218.65	218.65	1.00
Circuit Courts	527.00	527.00	527.00	527.00	527.00	0.00
Corrections	9,655.22	9,721.87	9,618.47	9,618.47	9,618.47	- 36.75
Court of Appeals	75.50	75.50	75.50	75.50	75.50	0.00
District Attorneys	380.90	380.90	383.95	383.95	383.95	3.05
Educational Communications Board	35.14	35.14	35.14	35.14	35.14	0.00
Employment Relations Commission	20.50	9.01	9.01	9.01	9.01	- 11.49
Government Accountability Board	19.30	19.30	19.30	19.30	19.30	0.00
Governor	37.25	37.25	37.25	37.25	37.25	0.00
Health Services	2,460.17	2,643.91	2,633.91	2,633.91	2,633.91	173.74
Higher Educational Aids Board	11.00	11.00	11.00	11.00	11.00	0.00
Historical Society	100.15	100.65	87.32	87.32	93.65	- 6.50
Judicial Commission	2.00	2.00	2.00	2.00	2.00	0.00
Judicial Council	0.50	0.50	0.50	0.50	0.50	0.00
Justice	383.08	400.58	391.58	391.58	391.58	8.50
Legislature	758.17	758.17	758.17	758.17	758.17	0.00
Lieutenant Governor	4.00	4.00	4.00	4.00	4.00	0.00
Military Affairs	80.63	80.63	80.63	80.63	80.63	0.00
Natural Resources	291.10	285.00	277.20	277.20	277.20	- 13.90
Public Defender	574.85	574.85	574.85	574.85	574.85	0.00
Public Instruction	250.24	254.43	253.43	253.43	253.43	3.19
Revenue	859.28	875.33	870.53	870.53	870.53	11.25
Safety and Professional Services	1.00	1.00	1.00	1.00	1.00	0.00
Supreme Court	114.50	114.50	114.50	114.50	114.50	0.00
Tourism	30.00	30.00	30.00	30.00	30.00	0.00
University of Wisconsin System	18,432.76	18,445.76	18,432.76	18,432.76	18,432.76	0.00
Wisconsin Technical College System	23.25	23.25	23.25	23.25	23.25	0.00
Workforce Development	<u>126.46</u>	<u>143.46</u>	<u>142.46</u>	<u>142.46</u>	<u>142.46</u>	<u>16.00</u>
TOTAL	35,796.58	36,097.21	35,936.93	35,936.93	35,943.26	146.68

OVERVIEW

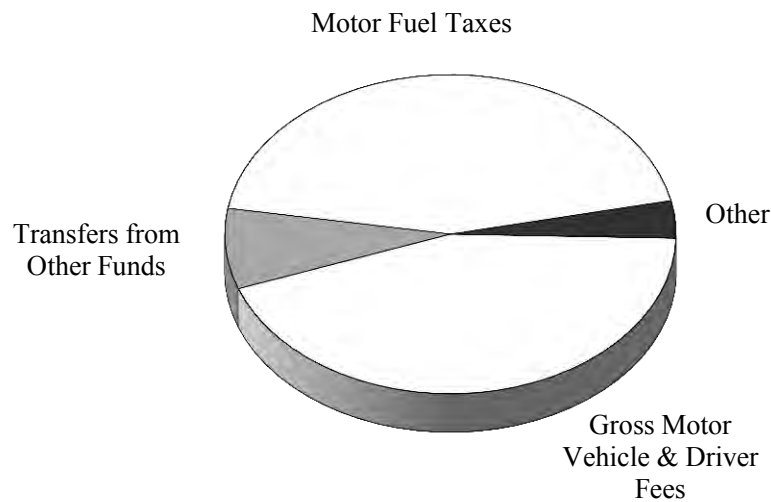
TRANSPORTATION FUND BUDGET

TABLE 14**2013-15 Transportation Fund Condition Statement**

	<u>2013-14</u>	<u>2014-15</u>
Unappropriated Balance, July 1	\$109,460,500	\$31,699,300
Revenues		
Motor Fuel Tax	\$971,800,000	\$981,300,000
Vehicle Registration Fees	637,996,400	634,933,100
Less Revenue Bond Debt Service	-225,424,300	-234,967,700
General Fund Transfer	60,877,000	152,837,100
Petroleum Inspection Fund Transfer	22,258,500	22,258,500
Driver's License Fees	40,492,500	40,338,400
Miscellaneous Motor Vehicle Fees	28,941,500	29,061,800
Aeronautical Fees and Taxes	8,189,100	8,322,400
Railroad Property Taxes	30,838,900	31,521,100
Investment Earnings	-389,500	-389,500
Miscellaneous Departmental Revenues	<u>21,586,700</u>	<u>22,347,800</u>
Total Annual Revenues	\$1,597,166,800	\$1,687,563,000
Total Available	\$1,706,627,300	\$1,719,262,300
Appropriations and Reserves		
DOT Appropriations	\$1,648,633,500	\$1,677,697,900
Other Agency Appropriations	25,294,000	25,428,400
Less Estimated Lapses	-3,500,000	-3,500,000
Compensation and Other Reserves	<u>4,500,500</u>	<u>17,866,000</u>
Net Appropriations and Reserves	\$1,674,928,000	\$1,717,492,300
Unappropriated Balance, June 30	\$31,699,300	\$1,770,000

FIGURE 10

Estimated 2013-15 Transportation Fund Revenues



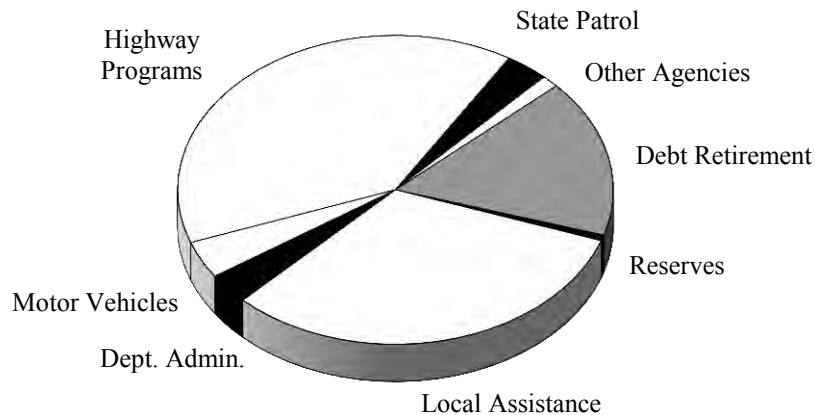
<u>Source</u>	<u>Amount</u>	<u>Percent of Total</u>
Motor Fuel Taxes	\$1,953,100,000	52.2%
Gross Motor Vehicle and Driver Fees*	1,411,763,700	37.7
Transfers from Other Funds	258,231,100	6.9
Railroad Taxes	62,360,000	1.7
Aeronautics Taxes and Fees	16,511,500	0.4
Miscellaneous Revenues	<u>43,155,500</u>	<u>1.1</u>
TOTAL	\$3,745,121,800	100.0%

*The amount shown is the total motor vehicle fee revenue before deductions for the payment of revenue bond debt service.

Note: The biennium-opening balance in the transportation fund is estimated at \$109,460,500, so the total amount of revenues available in the 2013-15 biennium is estimated at \$3,854,582,300.

FIGURE 11

2013-15 Transportation Fund Appropriations By Category



<u>Category</u>	<u>Amount</u>	<u>Percent of Total</u>
Highway Programs	\$1,518,094,000	39.3%
Local Assistance	1,234,301,400	32.0
Debt Retirement*	636,518,100	16.5
Division of Motor Vehicles	150,725,600	3.9
Department Administration	125,268,300	3.2
Division of State Patrol	121,816,000	3.2
Other Agencies	50,722,400	1.3
Reserves	<u>22,366,500</u>	<u>0.6</u>
TOTAL	\$3,859,812,300	100.0%

*Includes debt service on revenue bonds, which is subtracted from vehicle registration revenues prior to deposit in the transportation fund, and debt service on transportation-fund supported, general obligation bonds, which is paid from sum-sufficient appropriations.

NOTE: Lapses to the transportation fund from the appropriations above are estimated to be \$7,000,000 in 2013-15. Therefore, expenditures in the 2013-15 biennium are estimated to be \$3,852,812,300.

OVERVIEW

LOTTERY FUND BUDGET

TABLE 15

2013-15 Lottery Fund Condition Statement

	<u>2013-14</u>	<u>2014-15</u>
Fiscal Year Opening Balance	\$25,704,500	\$10,534,000
Operating Revenues		
Ticket Sales	\$526,636,400	\$526,636,300
Retailer Fees and Miscellaneous	<u>63,800</u>	<u>63,800</u>
Gross Revenues	\$526,700,200	\$526,700,100
Expenditures		
Prizes	\$310,686,300	\$310,686,300
Retailer Compensation	36,826,000	36,826,000
Vendor Payments	13,376,600	13,376,600
General Program Operations	21,591,500	21,653,600
Appropriation to DOJ	388,900	389,500
Appropriation to DOR	279,500	281,800
Program Reserves	<u>248,000</u>	<u>500,800</u>
Total Expenditures	\$383,396,800	\$383,714,600
Net Proceeds	\$143,303,400	\$142,985,500
Interest Earnings	\$111,200	\$124,600
Gaming-Related Revenue	\$102,300	\$102,300
Total Available for Tax Relief*	\$169,221,400	\$153,746,400
Appropriations for Tax Relief		
Lottery and Gaming Credit	\$158,489,100	\$143,014,100
Late Lottery and Gaming Credit Applications	<u>198,300</u>	<u>198,300</u>
Total Appropriations for Tax Relief	\$158,687,400	\$143,212,400
Gross Closing Balance	\$10,534,000	\$10,534,000
Reserve (2% of Gross Revenues)	\$10,534,000	\$10,534,000
Net Closing Balance	\$0	\$0

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

FIGURE 12

2013-15 Lottery Fund Expenditures



	<u>Amount</u>	<u>Percent of Total</u>
Operating Expenditures	(\$767,111,400)	(71.8%)
Prizes	621,372,600	58.1
Retailer Compensation	73,652,000	6.9
General Program Operations	43,245,100	4.0
Vendor Payments	26,753,200	2.5
Appropriations to DOJ and DOR	1,339,700	0.1
Program Reserves and Miscellaneous	748,800	0.1
Appropriations for Tax Relief		
Lottery Property Tax Credit	<u>301,899,800</u>	<u>28.2</u>
TOTAL	\$1,069,011,200	100.0%

STATE AGENCY BUDGET SUMMARIES

Administration Through Workforce Development

ADMINISTRATION

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,295,949,800	\$861,503,900	\$835,939,200	\$835,939,200	\$835,939,200	-\$460,010,600	- 35.5%
FED	401,794,000	286,340,000	286,340,000	286,340,000	286,340,000	- 115,454,000	- 28.7
PR	644,227,800	660,674,100	637,308,800	637,308,800	637,308,800	- 6,919,000	- 1.1
SEG	<u>100,194,000</u>	<u>107,040,000</u>	<u>107,439,200</u>	<u>107,439,200</u>	<u>107,439,200</u>	<u>7,245,200</u>	7.2
TOTAL	\$2,442,165,600	\$1,915,558,000	\$1,867,027,200	\$1,867,027,200	\$1,867,027,200	-\$575,138,400	- 23.6%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	98.25	95.84	95.84	95.84	95.84	- 2.41
FED	110.01	71.18	71.18	71.18	71.18	- 38.83
PR	807.45	828.41	819.41	819.41	819.41	11.96
SEG	<u>11.60</u>	<u>12.60</u>	<u>13.60</u>	<u>13.60</u>	<u>13.60</u>	<u>2.00</u>
TOTAL	1,027.31	1,008.03	1,000.03	1,000.03	1,000.03	- 27.28

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments to the base totaling \$260,500 GPR, \$1,169,500 FED, -\$3,469,100 PR, and -\$1,300 SEG and -5.0 FED positions in 2013-14 and \$211,300 GPR, \$741,100 FED, -\$3,354,500 PR, and -\$100 SEG and -3.0 GPR, -11.5 FED, and -1.1 PR positions in 2014-15. Adjustments are for: (a) turnover reduction (-\$124,700 GPR, -\$63,000 FED, and -\$1,120,400 PR annually); (b) removal of non-continuing elements from the base (-\$149,000 FED and -5.0 FED positions in

	Funding	Positions
GPR	\$471,800	- 3.00
FED	1,910,600	- 11.50
PR	- 6,823,600	- 1.10
SEG	<u>- 1,400</u>	<u>0.00</u>
Total	-\$4,442,600	- 15.60

2013-14 and -\$66,800 GPR, -\$586,800 FED, and -\$32,400 PR and -3.0 GPR, -11.5 FED, -1.1 PR positions in 2014-15); (c) full funding of continuing salaries and fringe benefits (\$47,500 GPR, \$1,550,500 FED, -\$2,268,700 PR, and \$45,500 SEG annually); (d) overtime (\$526,500 PR annually); (e) night and weekend differential (\$27,300 PR annually); and (f) full funding of lease costs and directed moves (\$337,700 GPR, -\$169,000 FED, -\$633,800 PR, and -\$46,800 SEG in 2013-14 and \$355,300 GPR, -\$159,600 FED, -\$486,800 PR, and -\$45,600 SEG in 2014-15).

2. MODIFICATIONS TO POSITION AUTHORITY AND RELATED FUNDING -- 2011 ACT 32

	Funding	Positions
GPR	\$0	0.01
FED	- 314,200	- 2.35
PR	<u>- 52,800</u>	<u>- 0.59</u>
Total	- \$367,000	- 2.93

Governor/Legislature: Provide 0.01 GPR position annually and delete \$157,100 FED and \$26,400 PR and 2.35 FED and 0.59 PR positions annually to correct position authority and related funding adjustments pursuant to 2011 Act 32.

Technical modifications are as follows:

a. *Division of Hearings and Appeals.* Increase 0.01 GPR and 0.01 PR position annually for the Division of Hearings and Appeals to correct a rounding error associated with position deletions;

b. *Materials and Services to State Agencies and Certain Districts.* Provide \$19,700 PR and 0.5 PR position annually associated with errors in creation and deletion of positions;

c. *Division of Facilities Development.* Delete \$40,500 PR and 0.5 PR position annually associated with errors in creation and deletion of positions;

d. *Division of Facilities Management.* Provide \$20,800 PR annually associated with errors in creation and deletion of positions; and

e. *Office of Justice Assistance; Wisconsin Justice Information Sharing Program.* Delete \$157,100 FED and \$26,400 PR and 2.35 FED and 0.60 PR positions annually to reflect changes in funding and position authority for the program under 2011 Act 32.

3. PERMANENT GPR REDUCTIONS

GPR	- \$193,200
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Governor/Legislature: Delete \$96,600 annually from supplies and services in the Department's general program operations appropriation for departmental supervision and management functions.

4. APPROPRIATION OBLIGATION BONDS DEBT SERVICE REESTIMATE -- PENSION BONDS

GPR	- \$480,784,000
GPR-Lapse	- 504,490,200
GPR-Earned	28,830,500
Change to Balance	\$5,124,300

Governor/Legislature: Decrease funding by \$227,175,600 in 2013-14 and \$253,608,400 in 2014-15 from base level funding of \$533,473,500 in 2012-13 to reflect the required debt service appropriation level associated with

the appropriation obligation bonds issued to pay the state's Wisconsin Retirement System unfunded prior service liability as well as the accumulated sick leave conversion credit program liability. The lower debt service amounts are associated with the refinancing of a large lump sum repayment originally due in July, 2013, that was scheduled to be refinanced when the original appropriation obligation bonds were issued (the refinancing occurred in late 2012). Corresponding adjustments would be made in lapses and transfers from state agency operation appropriations to pay for each agency's share of these debt service costs.

Under the legal agreements governing the appropriation bonds, the annual debt service appropriation for repayment of the bonds must equal the maximum possible payment that could be made in each succeeding year under the debt structure associated with these obligations and all related ancillary agreements. As a result, the 2012-13 base appropriation was set at a level (\$533,473,500) that reflected the debt service amount in 2013-14 that would have been due had the large, lump sum payment amount not been refinanced. Since this payment was refinanced to a lower principal amount, the funding level needed to make the debt service payments in 2013-15 is significantly lower than the adjusted base amount. The amounts needed to pay debt service on the appropriation bonds are \$306,297,900 in 2013-14 and \$279,865,100 in 2014-15.

Estimate lapses to the general fund of \$140,116,100 in 2013-14 and \$144,821,900 in 2014-15 associated with lapses from agency general fund operations appropriations attributable to the GPR share of debt service on the appropriation obligation bonds, which would represent decreases of \$254,598,000 in 2013-14 and \$249,892,200 in 2014-15 from the budgeted lapse amount in the 2012-13 base year. Estimate GPR-Earned under DOA at \$166,181,700 in 2013-14 and \$135,043,200 in 2014-15 attributable to transfers from SEG and PR appropriations to offset a portion of this debt service, which would represent an increase of \$29,984,500 in 2013-14 and a decrease of \$1,154,000 in 2014-15 from the GPR-Earned amount budgeted in the 2012-13 base year. The funding adjustments associated with these bonds are shown in the following table:

	<u>2013-14</u>	<u>2014-15</u>	
DOA Appropriation for Debt Service	\$306,297,900	\$279,865,100	GPR
Related GPR-Lapses from Agencies	<u>-140,116,100</u>	<u>-144,821,900</u>	GPR-Lapse
Net GPR Appropriation	\$166,181,800	\$135,043,200	
Related Payments to General Fund			
From PR and SEG Appropriations	\$166,181,700	\$135,043,200	GPR-Earned

5. APPROPRIATION OBLIGATION DEBT SERVICE REESTIMATE -- TOBACCO BONDS

GPR	\$19,568,600
GPR-Lapse	7,703,400
GPR-Earned	17,871,100
Change to Balance	\$6,005,900

Governor/Legislature: Provide \$19,568,600 in 2014-15 over annual base level funding of \$93,693,400. This change is the result of a reestimate of the amount needed to pay debt service on appropriation obligation bonds issued under the state's transaction to refinance the outstanding bonds of the Badger Tobacco Asset Securitization Corporation, under which the state regained the rights to its tobacco settlement payments. DOA issued the appropriation bonds to carry out this transaction in March, 2009.

Under the legal agreements governing the appropriation bonds, the annual debt service appropriation for repayment of the bonds must equal the maximum possible payment that could be made in each succeeding year under the debt structure associated with these obligations and all related ancillary agreements. Debt service on the appropriation obligation bonds are paid from an annual GPR appropriation and total debt service funding would be \$93,693,400 in 2013-14 and \$113,262,000 in 2014-15.

Increase related GPR-Earned estimates by \$17,097,900 in 2013-14 and \$773,200 in 2014-15, compared with the budgeted amount of \$78,522,100 in 2012-13. These revenues are associated with the reacquired tobacco settlement revenues, which are deposited to the general fund after the first \$50,000,000 received each year is transferred to the medical assistance trust fund. In addition, estimate a decrease in lapses of \$677,800 in 2013-14 and an increase in lapses of \$8,381,200 in 2014-15 associated with the tobacco-related appropriation obligation bonds issued under the March, 2009, transaction.

6. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	- \$406,100
PR	- 1,562,100
Total	- \$1,968,200

Governor/Legislature: Reestimate funding by -\$156,900 GPR and -\$328,900 PR in 2013-14 and -\$249,200 GPR and -\$1,233,200 PR in 2014-15 to reflect the current law reestimate of debt service costs on state general obligation bonds and commercial paper debt issued for the following programs: (a) general fund supported principal and interest for educational technology infrastructure in schools (-\$125,800 GPR in 2013-14 and -\$226,800 GPR in 2014-15); (b) general fund supported principal and interest for educational technology infrastructure for public library boards (-\$34,200 GPR in 2013-14 and -\$33,500 GPR in 2011-12); (c) general fund supported principal and interest for the Black Point Estate in Lake Geneva (\$3,100 GPR in 2013-14 and \$11,100 GPR in 2014-15); (d) program revenue supported principal and interest for educational technology infrastructure for schools (-\$315,300 PR in 2013-14 and -\$153,600 PR in 2014-15); (e) principal repayment and interest for parking in Madison (-\$20,300 PR in 2013-14 and -\$40,000 PR in 2014-15); and (f) principal repayment and interest for buildings used to house state agencies (\$6,700 PR in 2013-14 and -\$1,039,600 PR in 2014-15).

7. CAPITAL INVESTMENT PROGRAM [LFB Paper 100]

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

Governor: Provide \$25,000,000 in 2013-14 for a capital investment program, to make coinvestments in business startups and investment capital projects, in consultation with the Director of DOA's Office of Business Development. Create an annual appropriation for the program. The Office of Business Development was created in statute under 2011 Act 32. [Neither the Executive Budget Book nor budget bill provide information on the organization, structure, design, or implementation of the program.]

Joint Finance/Legislature: Delete provision. Place \$25.0 million in the Joint Committee on Finance's supplemental appropriation, to be used for a capital investment program developed under separate legislation.

8. COMMUNITY DEVELOPMENT BLOCK GRANT ADMINISTRATION [LFB Paper 101]

	Funding	Positions
GPR	\$500,000	3.00

Governor/Legislature: Provide \$250,000 and 3.0 positions annually in the Division of Housing general program operations appropriation for administration of the state's programs supported by federal Community Development Block Grant (CDBG) funds. Funding for the positions would be as follows: (a) salaries (\$150,800 annually); (b) fringe benefits (\$55,500 annually); and (c) supplies and services (\$43,700 annually).

Prior to 2011 Act 32, the Department of Commerce was the state's designated recipient of federal funding for the small cities CDBG. Under Act 32, Commerce was eliminated and responsibility for CDBG programs was divided between DOA (responsible for housing assistance programs) and the Wisconsin Economic Development Corporation (responsible for other CDBG programs). The federal Department of Housing and Urban Development (HUD) has since designated DOA as the state's sole recipient of CDBG funds.

Modify state statutes to reflect the designation by HUD of the Department for administering all federal CDBG funds. [See "Wisconsin Economic Development Corporation."]

[Act 20 Sections: 63, 64, and 455 thru 459]

9. SERVICE AWARD PROGRAM FUNDING AND CAP INCREASE [LFB Paper 102]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$315,000	-\$57,500	\$257,500

Governor: Provide \$115,000 in 2013-14 and \$200,000 in 2014-15 in state matching funds for the service award program. The program assists municipalities and counties in retaining volunteer fire fighters, first responders, and emergency medical technicians through state matching contributions to volunteers' retirement accounts. Base funding is \$1,884,300.

Increase the statutory cap on the sum sufficient appropriation for state matching funds for the program to \$3.0 million annually. Currently the cap on matching funds is \$2.0 million per fiscal year.

Joint Finance/Legislature: Reestimate funding by -\$8,300 in 2013-14 and -\$49,200 in 2014-15. Increase the statutory cap on the sum sufficient appropriation to \$2.5 million annually.

[Act 20 Section: 430]

10. REGIONAL INTERGOVERNMENTAL AFFAIRS POSITIONS [LFB Paper 103]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$1,088,000	4.00	-\$426,400	- 1.00	\$661,600	3.00

Governor: Provide \$544,000 and 4.0 unclassified positions annually for the creation of regional intergovernmental affairs office director positions. Funding would be for: (a) salaries (\$352,100 annually); (b) fringe benefits (\$131,600 annually); and (c) supplies and services (\$60,300 annually). The administration indicates the positions would staff four offices in different regions of the state (the North, Northeast, Southeast, and Southwest regions).

Authorize the Secretary of the Department to maintain intergovernmental affairs offices to conduct public outreach and promote coordination between agencies and authorities. The definition of agency means any office, department, agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the Constitution or any law, including the Legislature and the Courts. Authority would include the Wisconsin Aerospace Authority, Health Insurance Risk-Sharing Plan Authority, Health and Educational Facilities Authority, Bradley Center Sports and Entertainment Corporation, University of Wisconsin Hospitals and Clinics Authority, Wisconsin Housing and Economic Development Authority, Fox River Navigational System Authority, and Lower Fox River Remediation Authority, and Wisconsin Economic Development Corporation.

Under the bill, the Secretary may create an unspecified number of regional directors of intergovernmental affairs offices, outside the classified service, and may fix their salaries within the pay range established for executive salary group 3 (currently between \$69,300 and \$107,400 annually).

Joint Finance/Legislature: Delete 1.0 position (-\$136,000 annually) and fund the remaining 3.0 positions at a salary of \$69,300 annually (the minimum salary of the pay range established for executive salary group 3) for regional directors of intergovernmental affairs (-\$77,200 annually).

[Act 20 Sections: 53, 494, and 2009]

11. EXCESS PROPERTY INSURANCE

PR	\$5,000,000
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Governor/Legislature: Provide \$2,500,000 annually for a projected increase in the state's excess property insurance premiums. In three of the last five years, the state has experienced severe weather-related property losses, including losses from heavy rains and flooding, which will contribute to higher insurance premiums for the state. Currently, \$2.7 million annually is budgeted to purchase excess property insurance from private providers.

12. CENTRAL FLEET FUNDING INCREASE [LFB Paper 104]

PR	\$2,277,800
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Governor/Legislature: Provide \$1,138,900 annually for: (a) replacement of older state vehicles (\$378,900 annually); and (b) purchase of additional vehicles to meet state agency demand (\$760,000 annually for a total of 80 vehicles over the 2013-15 biennium). Base funding for the fleet is \$14,449,200. Currently, the Department has 1,527 vehicles in its fleet. Program revenue to support vehicle fleet operations is generated from monthly lease and mileage assessments to the agencies.

13. LOW-INCOME WEATHERIZATION AND ENERGY ASSISTANCE PROGRAM ALLOCATION CHANGES [LFB Paper 105]

Governor/Legislature: Modify the formula used to allocate state public benefits funds to low-income public benefits programs so that 50% of the sum of the following is allocated to the state's low-income weatherization and conservation services: (a) "transferred fees" from utilities in the amounts those utilities spent on low-income public benefits programs in 1998 (\$21,329,100 annually); (b) low-income assistance fees collected from customers of electric utilities; and (c) low-income assistance fees collected from customers of municipal utilities and electric cooperatives.

Currently, the allocation of state public benefits funding to each program depends on the amount of federal assistance received for the year. The amount allocated to the low-income weatherization program must be sufficient to allow spending on the program to equal 47% of the sum of the following, for the fiscal year: (a) federal assistance for low-income weatherization and energy assistance; (b) "transferred fees" from utilities in the amounts those utilities spent on low-income public benefits programs in 1998 (\$21,329,100 annually); (c) low-income assistance fees collected from customers of electric utilities; and (d) low-income assistance fees collected from customers of municipal utilities and electric cooperatives.

Eliminate the statutory provision permitting a transfer of \$10,000,000 in state public benefits funding from low-income weatherization or other energy conservation services to low-income energy assistance in years 2011-12 and 2012-13. The provision was included in 2011 Act 32.

[Act 20 Sections: 156 thru 160]

14. ELIMINATE OBSOLETE LOW-INCOME ENERGY ASSISTANCE PETROLEUM INSPECTION APPROPRIATION

Governor/Legislature: Delete low-income energy assistance appropriation funded from petroleum inspection fees. Under 2005 Act 124, \$5,147,300 of one-time funding was provided from the petroleum inspection fund to the low-income energy assistance program. No additional funding has been provided from the fund since 2005-06, and no further use of this source of funds is anticipated.

[Act 20 Section: 429]

15. CHILD PROTECTIVE SERVICES APPEALS EXPENDITURE AND POSITION AUTHORITY [LFB Paper 191]

	<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	\$99,100	2.00	-\$11,400	0.00	\$87,700	2.00

Governor: Provide \$99,100 and 2.0 permanent positions in 2014-15 to the Division of Hearings and Appeals for an increase in workload relating to the Governor's recommendation that the Division conduct administrative appeals hearings on determinations of child abuse and neglect for all counties in the state beginning January 1, 2015. Funding would be for: (a) salaries (\$55,800); (b) fringe benefits (\$20,500); and (c) supplies and services (\$22,800).

Joint Finance/Legislature: Reestimate funding by -\$11,400 in 2014-15. In addition, modify statutory language to conform the caregiver background check requirements with the new child protective services appeals process. [See "Children and Families -- Children and Families."]

16. REGISTER OF DEEDS FEES AND LAND INFORMATION PROGRAM [LFB Paper 106]

	<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-REV	\$2,500,000		-\$2,500,000		\$0	
SEG-REV	<u>0</u>		<u>2,562,100</u>		<u>2,562,100</u>	
Total	\$2,500,000		\$62,100		\$2,562,100	
PR	\$0	0.00	-\$5,099,200	- 1.00	-\$5,099,200	- 1.00
SEG	<u>0</u>	<u>0.00</u>	<u>5,099,200</u>	<u>1.00</u>	<u>5,099,200</u>	<u>1.00</u>
Total	\$0	0.00	\$0	0.00	\$0	0.00

Governor: Increase the fee for recording or filing most instruments that are recorded or filed with a county Register of Deeds from \$25 to \$30. Require the Register of Deeds to submit to the Department each month \$15 of the recording or filing fee. A county may retain \$8 of the \$15 if certain conditions are met, including the establishment of a land information office, land information council, and countywide plan for land records modernization.

Permit each county, until January 1, 2015, to retain \$5 (in addition to the \$8, if applicable) of the portion of each fee submitted to the Department if the money is used to make social security numbers not viewable or accessible on the Internet. As is the case under current law, counties would be permitted to retain \$5 from each fee until the earliest of the following: (a) completion of the redaction of social security numbers; (b) January 1, 2012, unless the Register of Deeds has been granted an extension by the Department; or (c) January 1, 2015. Extensions

are granted for a one-year period and may be renewed for additional one-year periods. Under the bill, the fee would remain \$30 after January 1, 2015, at which time all counties would be required to submit to the Department \$15 of each \$30 fee, unless the county met the criteria permitting the retention of \$8 for development and implementation of a countywide plan for land records modernization. Based on the administration's annual revenue estimates, the fee will generate an additional \$2.5 million in revenue in 2014-15 for the state.

Currently, the fee for recording or filing most instruments with a county Register of Deeds is \$25. Counties are required to submit \$10 of each fee to the Department for the land record modernization program. A county may retain \$8 of the \$10 if certain conditions are met, including the establishment of a land information office, land information council, and countywide plan for land records modernization. Counties have the option to charge an additional \$5 for some fees, as long as the money is used for the redaction of social security numbers, and within the time frames outlined above. Most counties in the state have elected to charge the additional fee, and have been granted extensions that are currently in effect. Under current law, the additional \$5 fee for redaction of social security numbers has a sunset date of January 1, 2015, after which the fee will return to \$25.

The administration has indicated that the increase of \$5 per fee submitted to DOA would create revenue that could be used in the development of a statewide digital parcel map.

Joint Finance/Legislature: Modify the Governor's recommendation to increase the Register of Deeds fee from \$25 to \$30, effective the day after publication of the bill or July 1, 2013, whichever is later. Eliminate statutory language relating to a \$5 fee for social security number redaction. [Note that counties would still be required to redact social security numbers.] Specify that, beginning January 1, 2015, counties be required to submit to DOA \$15 of each fee, unless the conditions are met for the county to retain \$8 of the \$15. Reestimate revenue at \$2,562,100 in 2014-15. In total, the state is estimated to receive \$2,049,700 in 2013-14 and \$4,611,800 in 2014-15. In comparison, funding for the program under AB 40 is \$2,549,600 annually.

Create a segregated land information fund for receipt of Register of Deeds fee moneys for the land information program. Further, in order to effectuate the SEG fund creation, transfer PR funding and positions to SEG (-\$2,549,600 PR and -1.0 PR position annually, and \$2,549,600 SEG and 1.0 SEG position annually).

Incorporate the following changes related to the Register of Deeds Fees and land information program:

- a. Increase training and education grants for county land information officers from no more than \$300 to at least \$1,000;
- b. Require that base budget grants must provide a minimum funding level of \$100,000 for each county (the sum of county-retained fees and land information grants to counties), except that in 2013-14 the grant amounts could be prorated if funding for the grants is insufficient;
- c. Require all counties to post on the Internet, in a searchable format determined by DOA, the following information related to individual land parcels, by June 30, 2017: (1)

property tax assessment data provided to the county by municipalities; (2) property address maintained by the county; (3) acreage information maintained by the county; and (4) zoning information maintained by the county;

d. Require counties to update and receive approval for a countywide plan for land records modernization every three years, beginning in 2014;

e. Require DOA to provide counties with plan instructions, including a list of minimum elements to be addressed;

f. Eliminate statutory language that specifies that of the county-retained \$8 for land records modernization that \$6 be used to develop, implement, and maintain the countywide plan for land records modernization and \$2 be used for the provision of land information on the Internet;

g. Specify that all \$8 retained must first be used to meet the requirements to post to the Internet information relating to property tax assessment data, property addresses, acreage, and zoning and, once these requirements are met, remaining retained fees must be used to develop, implement, and maintain the countywide plan for land records modernization on the Internet;

h. Eliminate statutory language specifying that retained fees be used to post to the Internet a county's land information records relating to housing; and

i. Specify that the violation of any requirement relating to land information or land records modernization as specified in the Statutes will: (1) disqualify a county board from receiving a land information grant from DOA; (2) result in the suspension of grant aids from DOA; and (3) after June 30, 2017, will result in the reduction of the fee the county is permitted to retain from \$8 to \$6. The county would be disqualified from receiving aid or retaining the full \$8 (rather than only \$6) for a period of one year, after which DOA could reinstate the county's eligibility to receive grants and to retain the full \$8 if the county has resolved the violation to the Department's satisfaction.

Provisions would be effective as of the effective date of the of the budget bill.

[Act 20 Sections: 185g, 185r, 186p thru 186y, 420d, 420f, 514u, 530m, 1241 thru 1242g, 1247d thru 1250g, and 9429(1i)]

17. STATEWIDE DIGITAL PARCEL MAP [LFB Paper 106]

Governor: Require that the Department establish an implementation plan for a statewide digital parcel map, under the land information program. The digital parcel map is intended to integrate individual county parcel map information and could include information related to: (a) land cover; (b) emergency service dispatch; (c) land use; (d) zoning; (e) municipal boundaries; and (f) elevation. The administration indicates that the \$5 fee increase for recording or filing most instruments with a county Register of Deeds could provide revenue sufficient to accomplish this purpose.

Joint Finance/Legislature: Specify that under s. 16.967(7), land information program grants may also be made to counties for the purpose of creating, maintaining, and updating a digital parcel map, in coordination with DOA. Require DOA to submit to the Joint Committee on Finance a progress report on the statewide digital parcel map plan by January 1, 2017.

[Act 20 Sections: 186 thru 186k]

18. LEGAL SERVICES TO STATE AGENCIES [LFB Paper 107]

Governor/Legislature: Expand the Department's authority to provide legal services and assess fees for legal services to include any state office or independent agency in the executive branch. Specify that at its own discretion, DOA may provide legal services to any state agency that has a secretary who serves at the pleasure of the Governor and must assess the state agency for legal services provided by the Division of Legal Services. Further specify that, at the request of any state agency that does not have a secretary who serves at the pleasure of the Governor, DOA may provide legal services to the state agency and must assess the state agency for legal services provided by the Division of Legal Services.

Current law allows the Department to provide legal services and assess fees for those services to a department in the executive branch that has a secretary who serves at the pleasure of the Governor. The Division of Legal Services provides legal services related to state contracting, procurement, and other activities.

[Act 20 Sections: 50 and 51]

19. ASSISTANCE TO LOCAL GOVERNMENTS FOR EFFICIENCY INITIATIVES

GPR	\$400,000
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Joint Finance/Legislature: Create a program under DOA to reimburse local governments for consulting services provided by private businesses to establish a "lean program," defined as: a program established by a governmental unit to increase the value of the goods and services it provides with the fewest possible resources. The program would aim to minimize human effort, building and office space, capital, and time in the provision of goods and services. Create an annual appropriation funded \$200,000 GPR annually for the program.

Specify that after providing the services, the business must submit to the local governmental unit an invoice for the cost of services. The chief elected official of the governmental unit to which the invoice is submitted must certify the invoice and submit it to DOA for reimbursement. Up to two invoices may be submitted in a given five-year period. From the program's appropriation, DOA must pay the amounts invoiced directly to the business. A business may be reimbursed up to \$2,000 per invoice. If DOA determines that the appropriation is insufficient to reimburse the full allowable amounts invoiced, it may prorate the reimbursements.

Require each local governmental unit that establishes a "lean program" with the assistance

of a business that received reimbursement from DOA to submit a report to DOA describing and documenting the achieved efficiencies under the program, no later than one year after establishing the program.

Further, specify that if a local governmental unit established a "lean program" before the effective date of the program provisions, a business that provides services for that "lean program" on or after the effective date of the program provisions would be eligible to receive a reimbursement from DOA. Provisions for the newly-created program would be effective on the day after publication of the budget bill or August 1, 2013, whichever is later.

[Act 20 Sections: 54m, 413s, 9101(4q), and 9401(2q)]

20. ADMINISTRATIVE CODE AND REGISTER SUBSCRIPTION REFUNDS

GPR	\$92,800
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Joint Finance/Legislature: Create a sum sufficient appropriation account in DOA for Administrative Code and Register subscription refunds. Estimate expenditures from the appropriation account at \$92,800 in 2014-15. Repeal the appropriation account effective July 1, 2015. These provisions are associated with the requirement that the Administrative Code and Administrative Register no longer be published in a printed paper format.

Under current law, DOA sells annual subscriptions to the code and register and deposits these receipts into the general fund. Effective January 1, 2015, the Legislative Reference Bureau (LRB) would be required to publish the code and register on the Internet in one or more electronic file formats determined by the LRB and to publish the code on other electronic media in one or more electronic file formats determined by the LRB. Subscribers to the printed editions of these documents would be reimbursed the portion of the subscription cost for the period January 1, to June 30, 2015. [See "Legislature."]

[Act 20 Sections: 415g, 415h, and 9427(1r)]

21. OPENBOOK REQUIREMENT FOR COUNTIES AND MUNICIPALITIES

Joint Finance/Legislature: Require that, beginning September 1, 2016, DOA ensure that all expenditures greater than \$100, including salary and fringe benefits, that relate to the operations of counties, and municipalities with a population of 5,000 or more be available for inspection on the Internet, in a searchable format. Require DOA to categorize the information by municipality, expenditure category, expenditure amount, and the person to whom the expenditure was made.

Further, require that, beginning September 1, 2016, DOA ensure that all of the following information relating to each grant made by such a municipality or contract entered into by a municipality is available for inspection on the Internet: (a) a copy of the contract and grant award; (b) the municipality making the grant or entering into the contract; (c) the name and address of the person receiving the grant or entering into the contract; (d) the purpose of the

grant or contract; and (e) the amount of the grant of the amount the municipality must expend under the contract and the name of the municipal fund from which the grant is paid or moneys are expended under the contract. Under statute, "person" includes all partnerships, associations, and bodies politic or corporate.

In addition, beginning September 1, 2016, require counties, and municipalities with a population of 5,000 or more to provide DOA with all expenditure information and information related to grants and contracts that DOA is required to post to the Internet. The Department may specify the format in which municipalities must provide the expenditure information.

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

[Act 20 Vetoed Sections: 65b thru 65h]

22. PROPOSED ELIMINATION OF ANY BOARD, COUNCIL, OR COMMISSION

Joint Finance/Legislature: Require that the Secretary of DOA biennially, in connection with the Department's budget request, propose the elimination of any council, board, or commission that has not met since the September 15th preceding the submission of the Department's budget. Specify that the requirement would not apply to any council, board, or commission required by federal law.

[Act 20 Section: 65r]

Transfers

1. TRANSFER THE OFFICE OF JUSTICE ASSISTANCE [LFB Paper 405]

Governor: Delete \$570,900 GPR and 2.42 GPR positions, \$58,633,700 FED and 27.48 FED positions, and \$5,425,800 PR and 8.45 PR positions in 2013-14, and \$570,900 GPR and 2.42 GPR positions, \$58,416,700 FED and 24.98 FED positions, and \$5,419,500 PR and 8.35 PR positions in 2014-15, and eliminate the Office of Justice Assistance (OJA), which is attached administratively to the Department of Administration (DOA), including its Executive Director. [See also "Corrections -- Community Corrections," "Justice -- Transfers," and "Military Affairs."]

	Funding	Positions
GPR	- \$1,141,800	- 2.42
FED	- 117,050,400	- 24.98
PR	- 10,845,300	- 8.35
Total	- \$129,037,500	- 35.75

Transfer State-Funded American Indian Tribal Community Reintegration Program to Corrections. Provide that the American Indian tribal community reintegration program and its associated appropriation be transferred to Corrections. This program is intended to facilitate the reintegration of American Indians who have been incarcerated in a state prison into their American Indian tribal communities. The program is supported with \$50,000 PR annually in

base funding in Indian gaming revenue.

Transfer of Federal Homeland Security Grant Programs to Military Affairs. Provide that federal homeland security grant programs and related appropriations and staffing (other than interoperable communications) be transferred to the Department of Military Affairs (DMA).

Transfer of Administration of Federal Grant Programs to Justice. Specify that the administration of federal criminal justice-related grant programs as well as federal homeland security grant programs related to interoperable communications be transferred to the Department of Justice (DOJ). This would include the transfer of the administration of the juvenile justice improvement plan and associated grant funding under the federal Juvenile Justice and Delinquency Prevention Act.

Transfer of Interoperable Communications Program to Justice. Provide that oversight of the development and operation of a statewide public safety interoperable communication system known as the Wisconsin Interoperable System for Communications (WISCOM) be transferred to DOJ.

Delete the Executive Director of OJA, or his or her designee, as one of the 15 members of the Interoperability Council which is attached to DOA. Instead, provide that the Attorney General, or his or her designee, would serve as a member of the Council.

Under current law, the Interoperability Council is required to: (a) identify types of agencies and entities, including public works and transportation agencies, hospitals, and volunteer emergency services agencies to be included, in addition to public safety agencies, in a statewide public safety interoperable communication system; (b) recommend short-term and long-term goals to achieve a statewide public safety interoperable communication system; (c) recommend and periodically review a strategy and timeline for achieving such a statewide communication system including objectives for local units of government; (d) assist in identifying and obtaining funding to implement a statewide public safety interoperable communication system; and (e) advise on fund allocation, including those available for homeland security, for the purpose of achieving a statewide communication system.

Transfer of State-Funded Grant Programs to Justice. Provide that the following state-funded grant programs and associated appropriations be transferred to DOJ:

a. Law Enforcement Officer Supplement Grant Program. Under this program, the state provides grants to cities to employ additional uniformed law enforcement officers whose primary duty is beat patrolling. Grants are awarded to the ten eligible cities submitting applications that have the highest rates of violent crime index offenses in the most recent full calendar year for which data is available from the FBI's Uniform Crime Reporting system. No city may receive an annual grant in excess of \$150,000. Grants are supported with \$1,224,900 PR annually in base grant funding provided from the justice information system surcharge.

b. Youth Diversion Grant Program. Under the youth diversion grant program, the state enters into contracts with organizations for the diversion of youths from gang activities into productive activities, including placement in appropriate educational, recreational, and

employment programs. The statutes specifically require youth diversion contracts to be entered into with organizations in specifically identified counties and municipalities. Grants are supported with the following annual base funding: (a) \$321,000 GPR; (b) \$672,400 PR in penalty surcharge funding; and (c) \$281,600 PR annually in transferred federal grant funding.

c. Victim of Sexual Assault Grant Program. Delete the current law program under OJA and its PR continuing grants for victims of sexual assault; child pornography surcharge appropriation which provides grants to nonprofit organizations that provide services to victims of sexual assault funded from revenues received from Part C of the child pornography surcharge. Transfer the unencumbered balance in the deleted OJA PR continuing grants for victims of sexual assault appropriation to the PR continuing general operations; child pornography surcharge appropriation under DOJ. Provide that all child pornography surcharge revenue be deposited to this latter DOJ appropriation and support: (a) DOJ investigations of sexual exploitation of a child or possession or child pornography; or (b) the current law sexual assault victim services grant program under DOJ.

d. Treatment Alternatives and Diversion (TAD) Grant Program. The TAD grant program is intended to provide grants to counties to establish and operate programs, including suspended and deferred prosecution programs and programs based on principles of restorative justice, which provide alternatives to prosecution and incarceration for criminal offenders who abuse alcohol or other drugs. The program is supported with the following annual base expenditure authority: (a) \$1,078,400 PR in justice information system surcharge funding; and (b) \$7,500 PR in drug abuse program improvement surcharge and drug offender diversion surcharge funding.

The TAD program is supported by revenues from the following surcharges: (a) the drug abuse program improvement surcharge (DAPIS); (b) the \$10 drug offender diversion surcharge; and (c) the \$21.50 justice information system surcharge. While the TAD program has a GPR annual appropriation, no funding has been provided to this appropriation.

Current law provides that OJA must enter into one or more contracts for the purpose of evaluating the TAD program and that these evaluations must be funded from revenue received by the TAD program other than the \$21.50 justice information system surcharge. Provide instead that DOJ must evaluate the TAD program every two years and eliminate the restrictions on the funding source for this evaluation.

Eliminate the current law provision which required a report be provided to the Legislature by December 31, 2011, regarding: (a) savings generated under the TAD program; and (b) recommendations regarding how the TAD program should be structured in the future.

e. Child Advocacy Centers Grant Program. Under the Child Advocacy Centers grant program, the state provides 14 annual grants of \$17,000 each to child advocacy centers in 14 counties identified under state statute for education, training, medical advice, and quality assurance activities. The statutes specifically identify the grant recipients in 11 counties (Chippewa, Dane, Green, Kenosha, La Crosse, Marathon, Milwaukee, Rock, Waukesha, Winnebago, and Wood), while in Brown, Racine, and Walworth Counties the statutes specify

that a child advocacy center in the county receive the annual grant. Grants are supported with \$238,100 in annual base grant funding provided from the justice information system surcharge.

Transfer of Other Functions to Justice. Provide that the following additional programs and responsibilities be transferred to DOJ:

a. *Wisconsin Justice Information Sharing (WIJIS) program.* The two main information technology initiatives of WIJIS are the Justice Gateway and the WIJIS Workflow Services. The Justice Gateway is a web-based tool which provides law enforcement with a single, secure point of read-only access to information stored in separate justice-related state, local, and tribal databases from communities across Wisconsin. The Workflow Services is designed to support many different types of information exchange securely over authenticated Internet connections. The intent of Workflow Services is to streamline the processing of criminal justice records across multiple agencies. For example, the Workflow Services application eCitation supports the secure exchange of electronic citations originated by law enforcement agencies. Workflow Services routes citations to the courts, prosecutors, local municipal court systems, and multiple tracking/reporting databases, based on business routing rules established by the users of the system.

b. *Statistical Analysis Center.* Maintain a statistical analysis center to serve as a clearinghouse of justice system data and information and conduct justice system research and data analysis. Collect information concerning the number and nature of offenses known to have been committed in this state and such other information as may be useful in the study of crime and the administration of justice. Determine any other information to be obtained regarding crime and justice system statistics. The information must include data requested by the Federal Bureau of Investigation under its system of uniform crime reports. Provide local law enforcement with the forms or instructions or both that specify the required crime and justice system statistics to be collected, the time it is to be forwarded, the method of classifying, and any other matters that facilitate collection and compilation.

c. *Receive and Expend Grant and Other Funding.* Apply for contracts or receive and expend for its purposes any appropriation or grant from the state, a political subdivision of the state, the federal government, or any other source, public or private, in accordance with the statutes.

d. *Technical Assistance.* Cooperate with and render technical assistance to state agencies and units of local government and public or private agencies relating to the criminal and juvenile justice system.

e. *Gifts and Grants Appropriation.* Transfer the OJA gifts and grants appropriation to law enforcement services under DOJ.

Delete the Responsibility to Recommend Legislation. Delete the current law responsibility of OJA to recommend appropriate legislation in the criminal and juvenile justice field to the Governor and the Legislature.

Law Enforcement Standards Board. Delete the Executive Director of OJA as one of the 15

members of the Law Enforcement Standards Board which is attached to DOJ. Provide that seven members of the Board, instead of the current law six members, must be representatives of local law enforcement in Wisconsin. Under current law, the Board has the following duties: (a) ensure that law enforcement, tribal law enforcement, jail, and secure juvenile detention recruits meet the minimum qualifications for recruitment; (b) oversee and fund the training of such recruits; (c) certify such recruits as officers upon the successful completion of their training; (d) oversee and fund the annual recertification training of certified law enforcement, tribal law enforcement, jail, and secure juvenile detention officers; (e) certify schools and instructors that provide preparatory training to recruits and recertification training to certified officers; and (f) maintain an updated statewide record of all certified officers.

Open Records Law and Law Enforcement Investigation Information. Delete current law which provides that if OJA has custody of a record containing law enforcement investigation information, the Office and any other law enforcement agency with which the Office shares the information contained in the record are not the legal custodians of the record as it relates to that information. In addition, delete current law which provides that for such purposes the legal custodian of the record is the law enforcement agency that provided the law enforcement investigation information to OJA.

Technical College District Boards. Delete the authority of the Boards to accept gifts, grants and bequests to be used in the execution of their functions and to permit them to accept grants to provide fiscal and management services for OJA.

Deleted Appropriations. Delete the following OJA appropriations: (a) GPR annual general program operations; (b) PR continuing interagency and intra-agency aids; (c) FED continuing federal aid, justice assistance, state operations; (d) FED continuing federal aid, homeland security; (e) FED continuing federal aid, criminal justice; and (f) FED continuing federal aid, local assistance and aids. Transfer the unencumbered balance in the OJA PR continuing interagency and intra-agency aids appropriation to the DOJ PR continuing interagency and intra-agency assistance appropriation under Law Enforcement Services. Transfer the unencumbered balance in the OJA FED continuing federal aid, justice assistance, state operations appropriation to DOJ's Law Enforcement Services FED continuing federal aid, state operations appropriation and to DOJ's Victims and Witnesses FED continuing federal aid, state operations relating to crime victim services appropriation as determined by DOA. Finally, transfer the unencumbered balance in the OJA FED continuing federal aid, local assistance and aids appropriation to DOJ's Law Enforcement Services FED continuing federal aid, local assistance appropriation and to DOJ's Victims and Witnesses FED continuing federal aid, victim assistance appropriation as determined by DOA.

Transitional Provisions. Specify that the assets, liabilities, contracts, pending matters, and employees of OJA, except those primarily related to administering federal homeland security moneys, or to reintegrating American Indians who have been incarcerated, as determined by DOA, become the assets, liabilities, contracts, pending matters, and employees of DOJ. Provide that the assets, liabilities, contracts, pending matters, and employees of OJA primarily related to administering federal homeland security moneys, and not related to interoperable communications, as determined by DOA become the assets, liabilities, contracts, pending

matters, and employees of DMA. Finally, provide that the assets, liabilities, contracts, pending matters, and employees of OJA primarily related to reintegrating American Indians who have been incarcerated, as determined by DOA become the assets, liabilities, contracts, pending matters, and employees of the Department of Corrections.

Specify that all transferred OJA employees would have the same rights and status as they had at OJA. Further, provide that OJA staff that had obtained permanent status would not have to undergo a probationary period in the new agency.

Provide that all rules and orders of OJA, except those primarily related to administering federal homeland security moneys, or to reintegrating American Indians who have been incarcerated, remain in effect until their specified expiration dates or until amended, modified, repealed, or rescinded by DOJ. Specify that all rules and orders of OJA primarily related to administering federal homeland security moneys, and not related to interoperable communications, remain in effect until their specified expiration dates or until amended, modified, repealed, or rescinded by DMA. Finally, provide that all rules and orders of OJA primarily related to reintegrating American Indians who have been incarcerated, remain in effect until their specified expiration dates or until amended, modified, repealed, or rescinded by the Department of Corrections.

Joint Finance/Legislature: Approve the OJA transfer but restore the current law authority of the Technical College District Boards to accept gifts, grants and bequests to be used in the execution of their functions.

[Act 20 Sections: 29, 30, 37, 38, 43, 44, 97, 161 thru 185, 339, 382, 386, 387, 416 thru 420, 428, 433 thru 454, 460, 584, 615d, 856, 1938, 1939, 1942, 1944, 1946, 1947, 2142, 2148, 2157, 2340 thru 2342, 2345 thru 2347, 2360, 9101(1), 9126(2), 9201(1), and 9208(1)]

2. TRANSFER SPECIAL COUNSEL APPROPRIATION TO DOA [LFB Paper 391]

GPR	\$1,223,800
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Governor: Transfer the GPR sum sufficient special counsel appropriation with its estimated annual expenditure level of \$611,900 from the Department of Justice to DOA. [See "Justice -- Transfers."]

Under current law, the Governor may appoint special counsel if, in the Governor's opinion, the public interest requires such action. The employment of special counsel by the Governor is limited to the following instances: (a) to assist the Attorney General in any action or proceeding; (b) to act instead of the Attorney General in any action or proceeding, if the Attorney General is in any way interested adversely to the state; (c) to defend any action instituted by the Attorney General against any officer of the state; and (d) to institute and prosecute an action or proceeding which the Attorney General, by reason of the Attorney's General opinion as to the validity of any law, or for any other reason, deems it the duty of the Attorney General to defend rather than prosecute. In addition, the Governor, upon the request of the Adjutant General, may appoint special counsel to defend a member of the national guard or state defense forces who is

prosecuted for any action taken in the performance of military duty.

Joint Finance/Legislature: Approve the transfer, but convert the special counsel appropriation from a sum sufficient to a biennial appropriation. As a result, expenditures from the appropriation could not exceed the amounts provided to the appropriation for the biennium without the approval of the Legislature under s. 13.10 of the statutes or through separate legislation.

Veto by Governor [D-30]: Delete conversion of the appropriation to a biennial appropriation.

[Act 20 Sections: 1p, 28, 252, 379m, and 2160]

[Act 20 Vetoed Section: 379m]

3. INFORMATION TECHNOLOGY TRANSFER FROM THE DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES [LFB Paper 572]

	Funding	Positions
PR	\$2,683,000	10.00

Governor/Legislature: Provide \$1,341,500 and 10.0 classified positions annually to transfer Department of Safety and Professional Services (DSPS) information technology (IT) functions to the DOA Division of Enterprise Technology. The funding would be provided from fees assessed to DSPS for providing IT services to the agency. [See "Safety and Professional Services -- Departmentwide and Professional Regulation."]

Specify that incumbent employees holding the positions, as determined by the Secretary of DOA, would be transferred to DOA. Further, specify that transferred employees have all the employment rights and status as these employees had at DSPS, and that any permanent employee would not be required to serve a probationary period.

[Act 20 Section: 9138(5)]

4. TRANSFER DIESEL TRUCK IDLING REDUCTION PROGRAM FROM THE DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

	Funding	Positions
SEG	\$2,147,400	1.00

Governor/Legislature: Provide \$1,073,700 and 1.0 position annually to transfer the diesel truck idling reduction grant program from the Department of Safety and Professional Services (DSPS) to the State Energy Office within the Division of Energy Services. Funding would include \$1,000,000 annually for grants and \$73,700 annually for the staff position, provided from the petroleum inspection fund. [See "Safety and Professional Services -- Buildings and Environmental Regulation."]

Specify that the incumbent employee would be transferred to DOA, and retain civil service rights and status enjoyed prior to the transfer. If the transferred employee has attained permanent status, the employee would not be required to serve a probationary period.

Transfer all assets and liabilities, tangible personal property, contracts, rules and orders, and pending matters, as determined by the Secretary of DOA, related to diesel truck idling reduction grants from DSPS to DOA.

The grant program provides financial assistance to eligible Wisconsin freight motor carriers to purchase and install idling reduction technology. Idling reduction units provide heat, air conditioning, or electricity to the truck tractor while the truck is stationary, in order to reduce idling of the truck engine when the truck is parked. The program is designed to assist Wisconsin motor carriers to reduce air pollution emissions and fuel consumption.

[Act 20 Sections: 215, 216, 1710, and 9138(6)]

5. STATE FAIR PARK POLICE AND SECURITY SERVICES AGREEMENT [LFB Paper 616]

	<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	\$2,088,600	1.00	-\$2,088,600	- 1.00	\$0	0.00

Governor: Provide \$1,044,300 annually and 1.0 position to the Department for security services at the State Fair Park. Funding provided would be for: (a) permanent position salary (\$81,900 annually); (b) limited-term/miscellaneous employee salaries (\$776,100 annually); (c) fringe benefits (\$96,300 annually); and (d) supplies and services (\$90,000 annually).

Require the Division of Capitol Police to enter into a memorandum of understanding (MOU) with State Fair Park for the provision of police and security services at the Fair Park grounds. Under the bill, State Fair Park would reimburse the Department from its general operations appropriation for services provided under the MOU. [See "State Fair Park Board."]

Currently, State Fair Park hires sworn police officers as limited-term employees (LTEs) to provide police services at Park events. The Park also hires other LTEs, generally not sworn officers with police powers, for security services, such as traffic control and event setup and striking.

Joint Finance/Legislature: Delete provision.

6. TRANSFER FACILITY DESIGN POSITIONS TO DOA [LFB Paper 110]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
PR	\$637,400	4.00	-\$499,000	- 3.00	\$138,400	1.00

Governor: Provide \$318,700 and 4.0 positions annually to transfer facility design responsibilities from the following state agencies: (a) Department of Agriculture, Trade and Consumer Protection (1.0 position); (b) Department of Natural Resources (1.0 position); (c) Department of Transportation (1.0 position); and (d) Department of Workforce Development (1.0 position).

Authorize the Department of Administration to assess a fee to agencies for facility design services.

Specify that the incumbent employees transferred to the Department would retain civil service rights and status enjoyed prior to the transfer. If the transferred employee has attained permanent status, the employee would not be required to serve a probationary period. Transfer all assets and liabilities, tangible personal property, contracts, and pending matters, as determined by the Secretary of DOA, related to facilities design from the affected agency to the Department.

Joint Finance/Legislature: Delete provision relating to the transfer of facility design positions to DOA. Instead, provide \$61,100 PR in 2013-14 and \$77,300 PR in 2014-15 and 1.0 PR position annually in DOA for a facility designer journey position.

[Act 20 Sections: 138 and 432]

7. TRANSFER CHILD ABUSE AND NEGLECT PREVENTION BOARD [LFB Paper 175]

Governor: Transfer the Child Abuse and Neglect Prevention Board from being attached to the Department of Children and Families (DCF) to being attached to DOA. Currently, the Board is attached to DCF, for the purpose of budgeting, program coordination, and related management functions. Attached boards exercise statutory duties independent of the department to which they are attached but are provided with certain services by that department. [See "Child Abuse and Neglect Prevention Board."]

Joint Finance/Legislature: Delete provision.

Information Technology

1. ENTERPRISE RESOURCE PLANNING SYSTEM [LFB Paper 115]

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

Governor: Provide \$1,000,000 in 2014-15 and create a GPR-funded annual appropriation for a statewide enterprise resource planning (ERP) system. Specify that funds may be transferred to the PR appropriation for integrated business information systems. The administration indicates that it is "considering the implementation of a fully integrated ERP system."

Rename the current continuing appropriation for "integrated business information system" the "enterprise resource planning system" appropriation. Retitle three other existing appropriations (one in DOA and two under Program Supplements) that relate to integrated business information systems as ERP appropriations.

Under 2007 Act 20, DOA was required to implement, operate, maintain, and upgrade an integrated business information system (IBIS) for all executive branch agencies for the following: (a) all financial services (including accounting and auditing of payroll); (b) procurement; (c) human resources; and (d) other administrative duties. The existing IBIS appropriation is a continuing appropriation funded by program revenue. The Department initially purchased hardware and software for the system under the state's master lease program. The project was put on hold in April, 2008. In a letter to the Joint Committee on Finance in December, 2012, DOA indicated that it "suspended further maintenance payments in order to give the Administration an opportunity to look at options of moving forward with an enterprise resource planning system. If the system is determined to be feasible, state agencies will be billed to recover the costs incurred in this appropriation when implementation occurs." This PR appropriation has statutorily authorized forestalling authority, which allows DOA to spend in excess of the revenues received, to the extent that the non-depreciated assets under the appropriation offset the excess expenditures. As of the end of 2011-12, the appropriation overdraft of the account was \$14.2 million, of which \$6.1 million was supported by undepreciated assets. The unsupported overdraft balance of the account was \$8.1 million.

Joint Finance/Legislature: Modify the Governor's recommendation to delete \$1,000,000 in 2014-15 and the GPR appropriation for the enterprise resource planning system.

[Act 20 Sections: 187, 421m thru 423, 427, 476, and 477]

2. SELF-FUNDED PORTAL -- EXPENDITURE AUTHORITY [LFB Paper 116]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$8,000,000	- \$4,000,000	\$4,000,000

Governor: Provide \$4,000,000 annually to DOA's information technology and communications services to non-state entities appropriation to develop a web-based self-funded portal, which would provide services and information to state and non-state entities, including individuals.

The administration indicates that the portal service would be operated by a private sector

entity that was awarded a contract in 2012 following a competitive procurement process. Certain portal services would charge users a fee. The administration further states that revenue from these user fees would be the sole source of funding for the portal, and would be paid through the state to the portal contractor.

Joint Finance/Legislature: Modify the provision to instead provide \$2.0 million annually to a newly-created annual appropriation for the self-funded web portal.

3. SELF-FUNDED PORTAL -- EXPANSION OF INFORMATION TECHNOLOGY SERVICES TO INDIVIDUALS [LFB Paper 116]

Governor: Allow DOA to enter into agreements with individuals to provide those individuals with information technology services. In addition, authorize DOA to assess fees to the individuals for the cost of providing the services. The Department indicates that the purpose of this statutory modification is to permit individuals to pay for and receive services through the self-funded web portal.

Under current law, DOA may enter into an agreement with any agency, authority, unit of the federal government, local governmental unit, entity in the private sector, or tribal school to provide authorized information technology services to those organizations at a cost specified in the agreement. Further, DOA is authorized to develop or operate and maintain any system or device facilitating Internet or telephone access to information about programs of agencies, authorities, local governmental units, entities in the private sector, or any tribal schools, or otherwise permit the transaction of business by agencies, authorities, local governmental units, entities in the private sector, or tribal schools by means of electronic communication. Current law authorizes DOA to assess executive branch agencies, other than the University of Wisconsin System, for the costs of systems or devices relating to information technology or telecommunications that are developed, operated, or maintained and also charge any agency, authority, local governmental unit, entity in the private sector, or tribal school for such costs as a component of any services provided.

The bill would include "individuals" in the list of entities to whom DOA could provide information technology services and charge a fee.

Joint Finance/Legislature: Specify that DOA must promulgate fee-setting rules through the Administrative Code for fees assessed to individuals for information technology services.

Veto by Governor [D-20]: Delete provision requiring DOA to promulgate fee-setting rules for fees assessed to individuals for information technology services.

[Act 20 Sections: 188y and 191]

[Act 20 Vetoed Sections: 189r and 190]

4. SELF-FUNDED PORTAL -- INFORMATION TECHNOLOGY SERVICES TO NON-STATE ENTITIES CONTINUING APPROPRIATION [LFB Paper 116]

Governor: Modify DOA's information technology and communications services to non-state entities PR appropriation from an annual to a continuing appropriation. The administration indicates that the modification is intended to allow flexibility in expending revenue received through self-funded portal user fees and in offering services to other states for disaster recovery.

Joint Finance/Legislature: Delete language that would make the appropriation continuing. Instead, create an annual PR appropriation for receipt and disbursement of self-funded portal revenue. Specify that self-funded portal funding be provided to the new appropriation. Authorize DOA to assess any executive branch agency (other than the UW System), authority, local governmental unit, entity in the private sector, or individual for the costs of services provided through the self-funded portal.

[Act 20 Sections: 420g, 420r, and 424]

5. MAINFRAME HOSTING AND DISASTER RECOVERY SERVICES TO UNIVERSITY OF WISCONSIN SYSTEM [LFB Paper 117]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$3,000,000	- \$3,000,000	\$0

Governor: Provide \$1,500,000 annually to DOA's appropriation for printing, mail, communication, and information technology services to state agencies. Funding would be provided for: (a) hosting mainframe services for the University of Wisconsin (UW) System (\$1,000,000 annually); and (b) providing disaster recovery information technology services for the UW System (\$500,000 annually). The administration indicates that mainframe processing services for the UW System would be merged into the state's data center. Disaster recovery services for the UW System would entail the establishment of a recovery site at the state's data center on Femrite Drive in Madison, which would serve as a backup location for data preservation and information technology services in the case of unanticipated interruption or damage to the UW System's primary information technology operations.

Joint Finance/Legislature: Delete provision.

6. BROADBAND EXPANSION GRANT PROGRAM [LFB Paper 118]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$4,700,000	- \$4,700,000	\$0

Governor: Provide \$4,700,000 in 2013-14 from the Universal Service Fund (USF) for broadband expansion grants to increase broadband access and capacity in underserved areas of the state. Require DOA to consult with the Public Service Commission (PSC) to identify areas of the state that are served by fewer than two broadband service providers. Create a continuing appropriation to receive moneys from the USF for the broadband expansion grant program. Grants would be made in consultation with the PSC.

Define "eligible applicants" as: (a) a profit or not-for-profit organization, including a cooperative; (b) a telecommunications utility; or (c) a city, village, town, or county in partnership with an organization identified in (a) or (b).

Require that grant criteria be established to: (a) prohibit grants that have the effect of subsidizing the expenses of a telecommunication service provider or the monthly bills of telecommunications customers; and (b) give priority to projects that include matching funds, involve public-private partnerships, affect areas with no broadband service providers, or affect a large geographic area or large number of underserved individuals or communities. Specify that an applicant must identify the area of the state that will be affected by the proposed project, and explain how the proposed project will increase broadband access.

Currently, the PSC administers a variety of programs relating to the accessibility and affordability of telecommunications services. These programs are funded through PSC assessments on companies providing retail intrastate voice telecommunications services. The Commission is required to estimate the revenues needed to fund 10 specified USF programs and to assess the telecommunications providers for their share of program costs. Providers pay assessments monthly, based on an assessment rate that the PSC adjusts annually. Under the bill, the broadband expansion grant program is not included in this list of USF programs.

Currently, the Commission is required to estimate the revenues needed to fund ten specified USF programs and to assess telecommunications providers for their share of program costs. Under the bill, the broadband expansion grant program is not included in this list of USF programs.

Joint Finance/Legislature: Delete the program under DOA and instead specify that the grant program be administered by the PSC. Delete the SEG appropriation for broadband grants. Under the PSC, create a continuing PR appropriation for a one-time receipt of \$4.3 million PR, provided from DOA's IT and communication services to nonstate entities appropriation for the broadband expansion grant program. Estimate expenditures from the new appropriation at \$500,000 PR annually. [See "Public Service Commission."]

[Act 20 Sections: 204m, 1989b, and 9201(2L)]

7. INFORMATION TECHNOLOGY POSITIONS AND EQUIPMENT TRANSFER AUTHORITY [LFB Paper 119]

Governor: Provide DOA with the authority to, in consultation with an executive branch agency, transfer any full-time equivalent position that is related to the provision of information

technology (IT) infrastructure services from that agency to DOA. Allow DOA to assess the executive branch agency from which it transferred the positions for the costs to pay salary and fringe benefits associated with the positions.

Under the bill, the probationary status of the positions would be determined by DOA, except that the employees would receive credit towards any probationary period for the time that the employee had been employed in any unclassified position immediately prior to the appointment.

Specify that IT infrastructure services positions would not be transferrable from the Board of Regents of the University of Wisconsin System.

Permit DOA to transfer IT equipment or systems in addition to any transferred IT infrastructure services positions, if the equipment or system is necessary for DOA to carry out IT services for the agency. Under the bill, DOA may assess the agency for the provision of IT services to that agency.

Create a continuing PR appropriation for the receipt of assessments to agencies for the purpose of funding transferred positions, employees, and equipment related to IT infrastructure services.

Joint Finance/Legislature: Delete provision. Instead, permit any executive branch agency to jointly request the transfer of any positions, IT equipment, or IT systems associated with IT infrastructure services to DOA under terms specified in a 14-day passive review request to the Committee. Terms specified would include: (a) payment of salaries and fringe benefits; (b) payment for IT equipment or systems; (c) payment for IT infrastructure services; and (d) addressing of any privacy concerns in transferring any data. Create an annual appropriation for assessments received from transferring agencies for the provision of IT services.

Veto by Governor [D-21]: Delete Joint Finance provision. The veto message indicates that the administration intends to consolidate IT infrastructure services through memoranda of understanding with executive branch agencies, in consultation with DOA's IT executive steering committee.

[Act 20 Vetoed Sections: 188m, 200 (as it relates to s. 20.505(1)(kk)), 424, 426m, and 427]

8. REDUCE FUNDING FOR INFORMATION TECHNOLOGY SERVICES TO STATE AGENCIES

PR	- \$4,260,200
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Joint Finance/Legislature: Reduce funding to DOA's printing, mail, communication, and information technology services to state agencies appropriation by \$2,130,100 PR annually.

Facilities Management and Facilities Development

1. STATE FACILITIES FUNDING AND POSITIONS REALIGNMENT

Governor/Legislature: Transfer \$396,100 PR and 4.52 PR positions annually from the state facility operations and maintenance, police and protection functions appropriation to the capital planning and building construction services appropriation in accordance with a reorganization of state facilities staff allocations. As of July 1, 2012, the former Division of State Facilities was reorganized into two divisions: (a) Facilities Management (DFM), responsible for operation and maintenance of state buildings and for police services, funded primarily from space rental charges to state agencies; and (b) Facilities Development (DFD), responsible for planning and building construction services, funded from a fee assessed to agencies for state-owned facility capital projects. The bill would reduce funding and position authority in DFM and provide a corresponding increase in DFD.

2. FACILITY OPERATIONS AND PARKING EXPENDITURE AUTHORITY -- FACILITIES MANAGEMENT

PR	\$1,300,400
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Governor/Legislature: Provide \$700,200 in 2013-14 and \$600,200 in 2014-15 for: (a) sidewalk snow removal, expended from the Department's facility operations and maintenance account (\$313,200 annually); (b) other snow removal, paid from the Division of Facilities Management parking appropriation (\$287,000 annually); and (c) appraisal of departmental state-owned property for potential sales (\$100,000 in 2013-14). The increases in expenditure authority for snow removal are derived from three-year averages of actual snow removal expenditures for sidewalks. Revenue to support facilities management operations is generated from space rental charges to state agencies and from parking fees in state-owned buildings. The Department indicates that a two percent increase in space rental rates is assumed for 2013-14 and 2014-15.

3. RELOCATION COSTS ADJUSTMENT -- FACILITIES MANAGEMENT [LFB Paper 120]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$953,200	- \$67,600	\$885,600

Governor: Provide \$768,200 in 2013-14 and \$185,000 in 2014-15 to relocate the Division of Capitol Police from the basement of the Capitol building to the Risser Justice Center and to relocate services currently in the Central Services Building (Thornton Avenue, in Madison). Increases in expenditure authority would be associated with: (a) payments for rental space for the Capitol Police (\$185,000 annually); (b) one-time moving costs for the Capitol Police (\$240,500 in 2013-14); and (c) one-time moving costs for the Division of Enterprise Technology's Print to

Mail operations, the UW Tandem Press, and DOA Central Fleet services (\$342,700 in 2013-14). The program revenue provided would be from rental assessments to tenants of state-owned facilities. [Note that a new location for the operations currently housed in the Central Services Building has not yet been determined.]

Joint Finance/Legislature: Reestimate funding by -\$67,600 in 2013-14 associated with lower estimated costs of relocating UW Tandem Press.

4. CAPITAL PLANNING AND BUILDING CONSTRUCTION EXPENDITURE AUTHORITY -- FACILITIES DEVELOPMENT [LFB Paper 121]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$4,000,000	-\$2,000,000	\$2,000,000

Governor: Provide \$2,000,000 annually to DOA's capital planning and building construction services appropriation. Base funding is \$12,170,800. The administration indicates that the expenditure authority would be used for the following purposes: (a) a rebuild of the WisBuild system (a web-based building project management system for state facilities); (b) the development and implementation of electric (online) bidding; (c) advancements in Building Information Modeling (BIM); and (d) contractual services.

Joint Finance/Legislature: Modify the provision to provide \$1,000,000 annually.

5. CONSTRUCTION PROJECT FIELD STAFF POSITIONS -- FACILITIES DEVELOPMENT [LFB Paper 122]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$1,853,600	10.00	-\$709,900	- 3.00	\$1,143,700	7.00

Governor: Provide \$926,800 and 10.0 construction project field staff positions annually to address staff workload issues, improve construction project quality control, and document contractor claims. The positions include: (a) construction representative journeyman (\$417,900 and 5.0 positions annually); (b) construction representative senior (\$284,900 and 3.0 positions annually); and (c) construction coordinator supervisor (\$224,000 and 2.0 positions annually). The positions would be funded from program revenue derived from fees assessed on state building project budgets.

Joint Finance/Legislature: Delete \$421,400 in 2013-14 and \$288,500 in 2014-15. In addition, delete 3.0 positions associated with: (a) 1.0 construction representative journeyman position; (b) 1.0 construction representative senior position; and (c) 1.0 construction supervisor position.

6. FACILITIES DEVELOPMENT FEE ASSESSMENT

Joint Finance/Legislature: Direct DOA to annually assess the Division of Facilities Development fee charged to state agency building project budgets based upon the building program's budgeted expenditures.

Veto by Governor [D-23]: Delete provision.

[Act 20 Vetoed Section: 155m]

7. AUTHORITY TO SELL OR LEASE STATE PROPERTIES

Governor: Authorize DOA to lease state-owned real property, if the Department believes the sale or lease is in the best interest of the state. It appears that under the bill, DOA would not be authorized to lease property with or without the approval of the agency having jurisdiction over the property, which is allowed under current law governing DOA sales of real property, subject to Building Commission approval. Also, DOA's authority to lease real property would not be subject to the following provisions required of DOA relating to the real property sales under current law: (a) the ability to carry out a sale by competitive bid or negotiated sale; and (b) the requirement that DOA submit a report the Building Commission with its recommendation for sale. The bill would specify that property could be sold on the basis of negotiated prices as determined through a competitive or transparent process.

Specify that DOA could sell or lease any real property, with certain exceptions noted below, unless prohibited by the state or federal constitution or federal law or the sale is conducted as part of a procedure to enforce an obligation to this state. Specify that if any agency has authority to sell or lease real property under any other law, the authority of that agency does not apply after DOA notifies the agency in writing that an offer of sale, sale, or lease agreement is pending with respect to that property. Provide that if the sale or lease of that property is not completed and no further action is pending with respect to the property, the authority of the agency to sell or lease the property is restored. Specify that DOA would have the authority to attach such conditions to the sale or lease of any property as it finds necessary or appropriate to carry out the sale or lease in the best interest of the state.

Delete a current limitation on DOA's authority to sell property that specifies that current law does not authorize the closure or sale of any facility or institution whose operation is required by law. Repeal the current law exemption that specifies that DOA is not allowed to offer for sale property under the jurisdiction of the UW System Board of Regents and property held by the sale of real property at the Northern Center for the Developmentally Disabled by the Department of Health Services. DOA would also have the authority to lease these properties. Under these modifications, as under current law, DOA could not sell or lease the following remaining properties:

a. property that is subject to sale by the Department of Military Affairs that was acquired or erected for state military purposes, but is no longer useful to the national guard or is for the purposes of a company-sized unit;

- b. property under the jurisdiction of the Board of Commissioners of Public Lands;
- c. property under the jurisdiction of the Department of Natural Resources, except central or district office facilities;
- d. property acquired with state forestry tax revenues;
- e. property that is conveyed by the Department of Corrections related to the construction of a sanitary sewer system in the area adjacent to the Taycheedah Correctional Institution;
- f. any personal property turned over to the state treasurer as an escheat;
- g. land that is not a part of the Kickapoo valley reserve that is sold or traded by the Kickapoo Reserve Management Board;
- h. real property that is adjacent to the veterans memorial site located at the Highground in Clark County that is donated by the Department of Transportation;
- i. property subject to sale by the Department of Veteran Affairs relating to its mortgage loan program; and
- j. property sold by DOA under the federal resource acquisition program.

[These provisions would modify and expand DOA's authority relative to the sale of state-owned real property and provide DOA the authority to lease such property. Under current law, DOA has the authority to sell state-owned real property, if the Department determines that the sale is in the best interest of the state. DOA can sell real property with or without the approval of the agency having jurisdiction over the property. If DOA receives an offer for purchase, the Department must submit a report to the Building Commission recommending acceptance of the offer. The report must contain a description of the property and the reasons for the recommendation. DOA is authorized to recommend the sale of a parcel of property with or without the approval of the agency having jurisdiction of the property. If the Commission approves the proposed sale, DOA has the authority to sell the property.]

Authority to Sell or Lease State-Owned Heating, Cooling, and Power Plants. Specify that if DOA sells or leases a state-owned heating, cooling or power plant, the Department would have authority to contract with the purchaser or lessee for the operation of the plant. Specify that DOA would operate, maintain, and keep in repair any heating, cooling, and power plants serving state properties that are neither operated by another state agency nor by an entity that is not a state agency.

Transfer of Related Systems or Fixtures and Right of First Refusal. Provide that if the Department sells or leases any real property that was under the jurisdiction of an agency prior to the sale or lease, the agency would be required to convey all systems, fixtures, or additional property interests specified by the Department to the purchaser or lessee of the property on terms specified by the Department. Specify that for any property proposed to be sold by DOA that is co-owned by a non-state entity, DOA would be required to afford the entity the right of first

refusal to purchase the share of the property owned by the state on reasonable financial terms established by DOA. Specify that if DOA sells, leases, or contracts with a purchaser or lessee for the operation of a state-owned heating, cooling, or power plant that is under the jurisdiction of a state agency, the agency would be required to convey all real and personal property associated with the plant to the purchaser or lessee on terms as specified by DOA.

Authority to Impact Agency Budgets and Positions Related to Property Sold or Leased. Provide that on the day prior to the effective date of the sale, lease, or contract for operation, of state-owned real property, require the DOA Secretary to require the submission of expenditure estimates for the Secretary's approval, under the current law allotment process, for each agency that proposes to expend moneys from any appropriation for the operation of the facility during the fiscal biennium in which the facility is sold, leased, or operated under contract. Require the DOA Secretary to disapprove of any such estimate for the period during which the facility is not operated by the agency and provide the DOA Secretary the following authority: (a) to require that the use of the amounts of any disapproved expenditure estimates for the purpose of purchase of contractual services from the facility or from an alternative source; (b) to identify any full-time equivalent positions authorized for the agency that was operating the facility, the duties of which primarily relate to the management or operation of the facility; and (c) to decrease the authorized full-time equivalent positions for the agency by the number of positions so identified effective on the effective date of the sale, lease, or contract.

Authorize the DOA Secretary to lapse or transfer to the general fund from the unencumbered balance of appropriations to any agency, other than sum sufficient appropriations, PR appropriations of the UW System, or SEG or FED appropriations, any amount appropriated to an agency that is determined by the Secretary to be allocated for the management or operation of the facility that was sold or leased. These provisions would be effective on the effective date of the sale, lease, or contract. Require the DOA Secretary to report any action taken under these provisions relative to positions or funding to Joint Finance Committee.

[Staff from DOA indicate that it is their intent to allow for the sale or lease of any state-owned real property, including heating, cooling, and power plants. If such a plant is sold or leased, DOA would have authority to contract for the purchase of output from that facility, and could adjust the operating budget and positions of the agency because the agency no longer operates the plant. In addition, it is the administration's intent that if DOA sells or leases any other real property, DOA would have authority to adjust the operating budgets and positions of the agency if the agency had operating costs and positions associated with the operation of the facility before it was sold or leased. An amendment would be needed to accomplish this intent.]

Clarify that DOA's current law authority to transfer surplus agency property under a written agreement would not apply if the Department has an offer for sale, sale, or lease agreement pending, or while the property is leased or under a contractual obligation.

Use of Proceeds from the Sale or Lease of Property. Modify DOA's current authority relating to the use of proceeds from the sale of state property to include proceeds from the lease of state property. In addition to the current law requirement of retiring any outstanding principal, interest, or premium due on debt related to the property, require that DOA provide from the net proceeds from the sale or lease of state-owned real property by the Department, a sufficient

amount for the costs of maintaining federal tax law compliance applicable to any such debt.

Modify the current law provisions relating to the DOA's Secretary's required considerations when determining which public debt to redeem using net proceeds of a sale or lease of state-owned real property as follows: (a) include the extent to which debt service on the property being sold or leased was paid from a segregated fund, other outstanding debt related to that fund should be redeemed; (b) delete current law provision that preference is to be given to the redemption of general obligation debt within the same statutory bond purpose that was used to acquire, build, or improve the property being sold; and (c) clarify that consideration should be given to the costs of maintaining federal tax law compliance in the selection of general obligation debt to be redeemed.

Specify that if there are any outstanding revenue obligations issued to finance the acquisition, construction, or improvement of any property that is sold or leased by DOA, the Department would be required to deposit a sufficient amount of the net proceeds from the sale or lease of the property in the respective redemption funds provided for those obligations to repay the principal and pay the interest on the revenue obligations, and any premium due upon refunding any of the revenue obligations. Require that if there are any outstanding revenue obligations, used to finance the acquisition, construction, or improvement of any property that is sold or leased, DOA would have to provide a sufficient amount of the net proceeds from the sale or lease of the property for the costs of maintaining federal tax law compliance applicable to the revenue obligations. For the purpose of paying principal and interest costs on other outstanding revenue obligations, the Department could cause outstanding revenue obligations to be called for redemption on or following their optional redemption date, establish one or more escrow accounts to redeem obligations at their optional redemption date, or purchase bonds on the open market. Specify that if the net proceeds exceed the amount required to be deposited, paid, or used for the purposes outlined above, with certain limited exceptions, DOA would be required to use the net proceeds or the remaining net proceeds to pay principal and interest costs on other similar revenue obligations.

Real Property Inventory. Beginning on January 1, 2014, require each agency to biennially submit to DOA an inventory of real property under its jurisdiction together with an estimated fair market value of each property. Require that the agency specifically identify any under-utilized assets in the inventory. Specify that no later than July 1 following the receipt of the inventories, DOA would be required to obtain appraisals of all properties in the inventories that are identified by the Department for potential sale. DOA would be required to submit to the Building Commission, an inventory containing the location, description, and fair market value of each parcel of property identified for potential sale. These provisions would replace the surplus land inventory requirements that would be deleted under the bill.

Applicability of Property Sale and Lease Provisions. Specify that the following current law references to the sale of state property would be subject to the proposed provisions related to the sale or lease, or contracting for the operation of, state-owned real property:

a. The Fox River Navigational System Authority's administration, repair and rehabilitation program which receives all monies from the sale of surplus lands, as allowed under 2005 Wisconsin Act 25, for the Fox River Lock System;

b. The powers and duties of the State of Wisconsin Investment Board relative to managing, operating, leasing, selling, or conveying land;

c. The UW System Board of Regents powers necessary or convenient for the operation of the system, as well as more specific powers related to the custody and management of property, and the authority to sell or lease state-owned residence halls with the approval of the Building Commission to another state agency or nonprofit an alternate use;

d. The UW System Board of Regents authority to enter into a lease agreement with the University of Wisconsin Hospitals and Clinics Authority;

e. The UW System Board of Regents authority to sell or lease agricultural lands at UW-Madison;

f. The authority of the Department of Tourism to purchase excess or surplus property from the DOA or the Department of Tourism;

g. The Kickapoo Valley Reserve Board's authority to lease land that is part of the reserve to any purpose consistent with the management of the reserve and for agricultural purposes and to lease land that is acquired by the Board for any lawful purpose.

h. The Historical Society's authority to sell any real estate acquired by gift, bequest, foreclosure, or other means;

i. The Department of Veteran Affairs power to sell and to convey title in fee simple to a nonprofit corporation any land and any existing buildings owned by the state that are under the jurisdiction of the department for the consideration and upon the terms and conditions as in the judgment of the board are in the public interest;

j. The Department of Health Services (DHS) authority to explore the possible sale of lease of excess mental health facilities to county community programs;

k. DHS's authority to sell and convey any lands and existing buildings owned by, or owned by the state and held for, the Department or of any of the institutions under the jurisdiction of the Department to a nonprofit corporation for such consideration and upon such terms and conditions as in the judgment of the secretary are in the public interest;

l. DHS authority to sell and convey lands, with the approval of the Building Commission, that the DHS Secretary deems to be in excess of the present or future requirements of the Department for either the operation of its facilities or programs, for the maintenance of buffer zones adjacent to its facilities or for other public purposes.

m. DHS's authority to sell real property at the Northern Center for the Developmentally Disabled;

n. DOT's authority to:

- sell, at the appraised value, the real estate upon which a park-and-ride facility is or may be located, if the Department determines that the sale is in the best interests of the public

and the Department determines that the real estate will be used in a manner consistent with the state's transportation interests;

- to convey lands acquired by gift, devise, purchase or condemnation related to establishing, laying out, widening, enlarging, extending, constructing, reconstructing, improving and maintaining highways and other transportation related facilities not necessary for such improvements;

- sell property, if approved by Governor, of whatever nature that owned by the state and under the jurisdiction of the Department, and is no longer necessary for state's use for transportation purposes;

- to offer at public sale generally marketable surplus properties after contacting local units of government and DNR about their interest in such properties for purchase at their appraised value, or less, and to sell those lands with the approval of the Governor;

- the conveyance of lands held by any other state department or independent agency to DOT, with the approval of the Governor;

- to sell and convey to a nonprofit-sharing corporation any public right-of-way available for highway purposes and any existing highways or other improvements thereon owned by the state or under the jurisdiction of the Department for such consideration and upon such terms and conditions as the Department deems in the public interest;

- to lease and collect rents and fee for any use of rail property pending discharge of the Department's duty to convey property that is not necessary for a public purpose;

- to convey any interest in abandoned rail property to another state agency, county, or municipality and to sell at public or private sale any rail such property that the Department determines in not necessary for a public purpose;

- to lease any property acquired for highway, airport or any other transportation purpose until the property is actually needed for any such purpose and permit use of the property for purposes and upon such terms and conditions as the Department deems in the public interest.

- o. Proceeds for the sale of land the initially held for the purpose of the construction of an employment security building site, if the land is sold or transferred to another use;

- p. The provisions specifying that employment security realty or quarters cannot be sold without the Governor's approval;

- q. The DOT Secretary's authority to convey lands acquired by the Department, but not necessary for airport improvements;

- r. The Department of Corrections (DOC) power to sell and convey to a nonprofit corporation, any land and existing buildings owned by the state and held for the Department or any of its institutions;

- s. The DOC Secretary's authority to sell and convey lands, with the approval of the

Building Commission, that the Secretary deems to be in excess of present or future requirements for the Department;

t. The DOC authority to sell or otherwise transfer or dispose of property acquired for a medium/maximum security correctional institution to be located in Milwaukee on property owned by the Milwaukee Road Railroad; and

u. The duties of DOC wardens and superintendents to have charge and custody of the individual state prisons and all lands pertaining to them.

Joint Finance: Modify the Governor's recommendation by specifying that DOA could not sell or lease state-owned property unless such a transaction was approved by the Joint Committee on Finance. In addition, require DOA to submit the following to the Joint Finance Committee as part of any request for approval on a sale or lease: (a) the estimated value of the facility as determined by DOA and at least one qualified privately-owned assessor; (b) the full cost of retiring remaining debt for the facility; (c) a cost benefit analysis that considers the short-term and long-term costs and benefits to the state of selling or leasing the property; (d) the length and conditions of any proposed sale, lease or service agreement between the state and a proposed purchaser; (e) the estimated budgetary impact for affected state agencies for at least the current and following biennium; and (f) any other information requested by the Committee.

Further, modify the Governor's recommendations as follows:

a. Require Building Commission approval of any state property leased by the DOA (the Governor's recommendations only require Commission's approval when DOA is proposing to sell a state property).

b. Prohibit DOA from selling or leasing any state-owned property for which the cost of acquisition, construction, or improvement was financed with at least 50% federal funds or at least 50% gift or grant funds.

c. Require the DOA to first apply any remaining proceeds from the sale of a state property, after the other specified obligations are met, to redeem debt supported by the same funding source and issued under the same bonding purpose authorization that was used to finance the property being sold.

d. Clarify that if DOA would sell or lease the power plant, it could contract for the output of the plant not the operation of the plant;

e. Clarify that DOA would not have charge of, operate, maintain, and keep in repair any heating, cooling, or power plant once that plant has been leased or sold;

f. Specify that DOA's authority relating to the sale or lease of state properties would not apply to any property that is owned or leased by the State of Wisconsin Investment Board (SWIB);

g. Require DOA to submit any proposed actions to be carried out by the Secretary regarding the budgets and positions of agencies whose property is sold or leased to the Joint

Finance Committee for approval under s. 13.10 of the statutes.

Assembly/Legislature: Specify that the information provided by DOA or the Building Commission to the Joint Committee on Finance related to the sale or lease of a state property would have to include the methodology used to ensure the competitive and transparent sale of the asset. Exempt the State of Wisconsin Investment Board from the provisions requiring state agencies to submit an inventory of the properties held by the agency.

Veto by Governor [E-37]: Delete the Joint Finance provision that would have required the DOA Secretary to first use net proceeds from the sale or lease of state property to retire debt supported by the same funding source as the debt issued to finance the acquisition, construction or improvement of the property sold. As vetoed, the DOA Secretary could use the net proceeds from the sale of property to pay principal and interest costs on any public debt issued to acquire or improve property regardless of the bonding purpose or the funding source used to pay debt service on those bonds.

[Act 20 Sections: 18, 65, 79 thru 81, 123 thru 137, 290, 531, 578 thru 580, 585, 602 thru 604, 759, 760, 762, 766, 814, 815, 817, 1233, 1516, 1547 thru 1554, 1557, 1565 thru 1568, 1719, 1720, 1728, 1729, 2132 thru 2134, and 2154]

[Act 20 Vetoed Section: 132]

Procurement

1. ELECTRONIC PROCUREMENT SYSTEM [LFB Paper 125]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$2,575,000	- \$1,203,000	\$1,372,000

Governor: Provide \$1,600,000 in 2013-14 and \$975,000 in 2014-15 for an electronic procurement system to manage all aspects of procurement under Chapter 16 of the Statutes. Permit DOA to supplement or supplant the procurement subscription service with the electronic procurement system. Authorize DOA to require that an agency use the system. Allow DOA to assess agencies and vendors for the costs of the electronic procurement system for the costs of the system in accordance with a method the Department develops.

Modify the PR procurement services appropriation to specify that assessments to agencies and vendors for the costs of the electronic procurement system may be received in that appropriation. Specify that the SEG VendorNet fund may only receive funds from fees for procurement subscription services, assessments for the new electronic procurement system, gifts, grants, and bequests made for procurement subscription services or the new electronic

procurement system, or for moneys transferred to the VendorNet fund from other funds. [Note that while PR expenditure authority is provided in the PR procurement services appropriation, the bill specifies that fees for the new system are a component part of the SEG VendorNet fund.]

Joint Finance/Legislature: Reduce funding by \$818,000 in 2013-14 and \$385,000 in 2014-15 based on reestimated project costs. Specify that the VendorNet fund receives revenues only from fees assessed for the state's subscription service, including the provision of product or service information through the subscription service. Further, specify that fees assessed for the costs of the electronic procurement system be received in DOA's procurement services PR appropriation.

[Act 20 Sections: 74, 75, 425, and 532]

2. PROCUREMENT AUTHORITY FOR DELEGATED AGENCIES

Governor: Define "delegated agency" to mean an agency that has a designated purchasing agent to whom the Department has delegated the authority to purchase. Make uniform statutory references relating to procurement such that agencies to which the Department has delegated purchasing authority are referred to as "delegated agency." Under current law, an "agency" means an office, department, agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the constitution or any law, including the Legislature and the Courts, but not including an authority.

Require delegated agencies to: (a) adopt standard specifications for all delegated purchases; (b) prepare or review specifications for all materials, supplies, equipment, other permanent personal property, and contractual services not purchased under standard specifications; (c) write specifications so as to permit the purchase of materials manufactured in the United States; (d) award orders or contracts to the lowest responsible bidder, taking into consideration life cycle cost estimates, the location of the agency, the quantities of the articles to be supplied, their conformity with the specifications, the purposes for which they are required, and the date of delivery, except as otherwise provided in statute; (e) give a preference to vendors which are Wisconsin producers, distributors, suppliers, and retailers, if any, when awarding an order or contract if DOA determines that non-Wisconsin vendors are given a preference by another state or nation; (f) invite bids to be submitted when the estimated cost of contractual services exceeds \$50,000; (g) award orders and contracts for materials, supplies, or equipment on the basis of life cycle cost estimates, whenever appropriate; (h) publish a class 2 notice under Chapter 985 of the Statutes, or post notice on the Internet, of an invitation for submission of competitive sealed proposals, if they are to be invited; (i) permit any offerer of an order or contract proposal to revise the proposal to ensure its responsiveness to any requirements of the proposed order or contract; (j) determine which proposals are reasonably apt to be awarded an order or contract and provide each offerer of such a proposal a fair and equal opportunity to discuss it; (k) keep a written record of all meetings, conferences, oral presentations, discussions, negotiations, and evaluations of proposals; (l) refrain from disclosing any information that would reveal the terms of a competing proposal; (m) after receiving each offerer's best and final offer, determine which proposal is most advantageous and award the order or contract to the person who offered it; (n) state in writing the reason for the award and place the statement in the contract file; (o) attempt

to ensure that five percent of the total amount expended on procurement each fiscal year is paid to minority businesses; (p) make efforts to ensure that a portion of the total amount expended on procurement each fiscal year is paid to disabled veteran-owned businesses; and (q) maximize the use of minority businesses or disabled veteran-owned businesses as defined in statute.

Permit delegated agencies to: (a) engage with a person to perform contractual services where allowed by a delegation agreement; (b) solicit competitive sealed proposals if the Secretary of Administration or his or her designee determines that the use of competitive sealed bidding is not practicable or advantageous to the state; (c) invite competitive sealed proposals if the cost of contractual services exceeds \$50,000; (d) award an order or contract in accordance with simplified procedures established by the Department for contractual services if the estimated cost of the services is less than \$50,000; (e) discuss the requirements of a proposed order or contract with any person who submits a proposal; (f) negotiate with each offerer of a proposal in order to obtain terms that are advantageous; (g) purchase materials, supplies, equipment, and contractual services from any minority business or disabled veteran-owned business, or both, by submitting a qualified responsible competitive bid that is no more than 5% higher than the apparent low bid or competitive proposal which in turn is no more than 5% higher than the most advantageous proposal; (h) require of bidders, persons making proposals, or contractors such sureties as, in its judgment, are deemed advisable and decide as to their responsibility and competency; and (i) require a contractor to provide a bond furnished by a surety company authorized to do business in this state.

Under current law, the above requirements and permissions are applied or granted to the Department.

Changes to statutory language relating to contractual services would first apply to services on the effective date of the bill.

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

3. INCREASE PROCUREMENT THRESHOLDS FROM \$25,000 TO \$50,000

Governor: Increase all \$25,000 procurement thresholds to \$50,000. Under the bill, if materials, supplies, equipment, or contractual services to be purchased are estimated to cost \$50,000 or less, orders awarded or contracts made by the Department or a delegated agency could use simplified procedures established by the Department and would not require performance of cost-benefit analysis or the solicitation of bids. If the Secretary or his or her designee determines that the use of competitive sealed proposals would be advantageous to the state, and the estimated cost of the purchase exceeds \$50,000, the Department or delegated agency may invite competitive sealed proposals.

Under current law, the threshold for requiring cost-benefit analysis or the solicitation of bids is \$25,000. If the Secretary or his or her designee determines that the use of competitive sealed proposals would be advantageous to the state, and the estimated cost of the purchase exceeds \$25,000, the Department or delegated agency may invite competitive sealed proposals. Competitive sealed proposals are not required if the estimated cost does not exceed \$50,000.

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

4. COST-BENEFIT ANALYSIS AND CONTINUED APPROPRIATENESS REVIEW EXCEPTIONS [LFB Paper 126]

Governor: Exclude the following contractual services from requirements to perform a uniform cost-benefit analysis (in the case of a proposal) or continued appropriateness review (in the case of a renewal): (a) any contract for which the cost is estimated to be \$50,000 or less; (b) services that federal or state law requires to be performed by contract; (c) services that are incidental to the purchase of a commodity; (d) services that must be provided under a contract, license, or warranty, by the original equipment manufacturer or publisher; (e) services that cannot be performed by state employees because the state lacks the required infrastructure; (f) services that are expected to be completed within 12 months; and (g) web-based software application services that are delivered and managed remotely. Under current law the threshold for performance of a cost-benefit analysis or continued appropriateness review is \$25,000.

Changes to statutory language relating to cost-benefit analyses and continued appropriateness reviews would first apply to cost-benefit analyses and continued appropriateness reviews required on the effective date of the bill.

Joint Finance/Legislature: Delete the following from the list of exceptions under the Governor's recommendations: (a) services that are incidental to the purchase of a commodity; and (b) services that are expected to be completed within 12 months.

[Act 20 Sections: 83, 84, and 9301(2)]

5. PROCUREMENT FOR AUTHORITIES AND MUNICIPALITIES

Governor: Define "authority" to include the Wisconsin Economic Development Corporation (WEDC). Currently, the following are included in the definition of authority: Wisconsin Aerospace Authority, Health Insurance Risk-Sharing Plan Authority, Health and Educational Facilities Authority, Bradley Center Sports and Entertainment Corporation, University of Wisconsin Hospitals and Clinics Authority, Wisconsin Housing and Economic Development Authority, Fox River Navigational System Authority, and Lower Fox River Remediation Authority. Under the bill, WEDC would have the same procurement allowances and requirements as other authorities.

Define "municipality" to include authorities. Currently, the following are included in the definition of municipality: a county, city, village, town, school district, board of school directors, sewer district, drainage district, technical college district, or any other public or quasi-public corporation, officer, board, or other body having the authority to award public contracts.

Permit the Department or a delegated agency to allow municipalities to participate in state procurement solicitations and use any current state contract.

Require the Department or a delegated agency to make available to interested parties,

including local governments, documents containing technical guidance for the development and use of life cycle cost estimates, as required by statute. Currently, the documents must be made available to local governments only. With regard to providing services to "interested parties," current law specifies that DOA may cooperate with purchasing agents and other interested parties of any other state or the federal government to develop uniform purchasing specifications on a regional or national level to facilitate cooperative interstate purchasing transactions.

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

6. BUSINESS OWNERSHIP DEFINITIONS AND CERTIFICATIONS [LFB Paper 126]

Governor/Legislature: Modify the definition of disabled veteran so that an award from the U.S. Department of Veterans Affairs of a service-connected disability rating of at least 20 percent would qualify a veteran-owned business to be considered a disabled veteran-owned business. Currently, a veteran business owner must have a service-connected disability rating of at least 30 percent for the business to be certified as a disabled veteran-owned business.

Permit DOA to accept, without conducting an investigation, certifications of disabled veteran-owned businesses, woman-owned businesses, and minority businesses that have been issued by: (a) an agency or municipality in Wisconsin or another state; (b) a federally recognized American Indian tribe; (c) the federal government; or (d) a private business with expertise in certifying such businesses, if the private business uses substantially similar procedures as those used by the Department.

Currently, certifications of disabled veteran-owned businesses and woman-owned businesses from entities other than the Department are not accepted. The Department is required to conduct an investigation to certify disabled veteran-owned businesses. Certifications of minority businesses are accepted if issued by a Wisconsin agency, another state, the federal government, or a private business with the above qualifications. The bill would allow disabled veteran-owned, woman-owned and minority businesses to be certified as such businesses for state procurement purposes without a state investigation if the businesses are certified by an organization identified above.

Under current law, the Department must: (a) attempt to ensure that 5% of the total amount expended for procurement in each fiscal year is paid to minority businesses; and (b) make efforts to ensure that a portion of the total amount expended for procurement in each fiscal year is paid to disabled veteran-owned businesses. The Department may purchase materials, supplies, equipment, or contractual services from any minority or disabled veteran-owned business that is no more than 5% higher than the apparent low bid or competitive proposal, which in turn must be no more than 5% higher than the most advantageous proposal. Under the bill, these requirements and conditions would extend to any agency that was delegated purchasing authority by the Department.

[Act 20 Sections: 55 thru 62, and 111 thru 113]

7. PROCUREMENT OF COMMODITIES AND RELATED SERVICES

Governor: Define "commodity" to mean materials, supplies, or equipment, but does not include a service. Currently, commodity is not defined under Chapter 16 of the Statutes.

Define "contractual services" to exclude maintenance or support that is incidental to the purchase of a commodity. Currently, "contractual services" is defined as: all services, materials to be furnished by a service provider in connection with services, and any limited trades work involving less than \$30,000 to be done for or furnished to the state or any agency.

Define "standard specification" to mean a requirement or qualification that is chemical, physical, or both chemical and physical that describes the commodity or service to be purchased but is not a trade name. Currently, "standard specification" is defined as: a specification, either chemical or physical or both, prepared to describe in detail the article which the state desires to purchase, and trade names shall not be used.

Exclude from the requirement to conduct a cost-benefit analysis or continued appropriateness review for contractual services estimated to cost more than \$50,000 any services that are incidental to the purchase of a commodity. Currently, the threshold for cost-benefit analyses and continued appropriateness reviews is \$25,000 and does not exclude services incidental to the purchase of a commodity.

Changes to statutory language relating to contractual services, cost-benefit analyses, and continued appropriateness reviews would first apply to contractual services, cost-benefit analyses, and continued appropriateness reviews required on the effective date of the bill.

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

8. ENERGY CONSUMING EQUIPMENT

Governor: Define "energy consuming equipment" to mean any equipment that is designed for heating, ventilation, air conditioning, water heating or cooling, lighting, or refrigeration. Currently, energy consuming equipment is defined to include the equipment listed above in addition to equipment that is designed for any other function, and that consumes energy.

Provide that, if the purchase of energy consuming equipment will cost more than \$5,000 per unit, the Department or delegated agency may not purchase that type of energy consuming equipment unless the specifications for the equipment meet the applicable standards.

Under current law, if the purchase of energy consuming equipment will cost more than \$5,000 per unit, the Department or designated purchasing agent or authority may not make such purchases unless the specifications for the equipment meet the applicable standards.

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

9. MAINTENANCE OF BIDDERS LIST [LFB Paper 126]

Governor/Legislature: Disallow delegated agencies, as defined under the bill, from maintaining a separate bidders list. The bidders list includes the names and addresses of all persons who request to be notified of bids or competitive sealed proposals, excluding awards or contracts estimated to cost \$50,000 or less.

Under current law, an agency to which the Department has delegated purchasing authority may maintain a bidders list if authorized under the delegation of authority from DOA. The list must include the names and addresses of all persons who request to be notified of bids or competitive sealed proposals, excluding awards or contracts estimated to cost \$25,000 or less.

[Act 20 Section: 77]

10. REMOVAL FROM VIOLATORS LIST

Governor: Specify that the Department's list of violators that are, or have been, a party to a procurement contract with the state also include parties who have been debarred from contracting with the federal government or any agency. Allow the Department to remove a party from the ineligible list if the person was on the list due to debarment and is no longer debarred. Require the Department to promulgate rules that provide procedures to implement such removals.

Under current law, the violators list includes persons that are, or have been, a party to a procurement contract with the state who have violated a provision of the procurement rules or of a procurement contract. The Department may remove any party from the list if the Department determines that the party's practices comply with statutory procurement provisions and provides adequate safeguards against future violations. The bill does not change the treatment of such violators.

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

11. POWERS OF GOVERNOR AND SECRETARY OF ADMINISTRATION

Governor: Specify that the Governor or, if acting as the Governor's designee, the Secretary of the Department of Administration may waive the requirements or issue a general waiver of the requirements of low bid procurement exceptions, and may purchase supplies, materials, equipment, or contractual services, other than printing and stationery, from a private source if he or she determines that it is in the best interest of the state to do so.

Currently, the Statutes permit the Secretary to waive the above requirements, and the Governor may issue a general waiver of the above requirements.

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

12. PROVISION OF PROCUREMENT REPORTS TO THE DEPARTMENT OF REVENUE

Governor: Eliminate the requirement that the Department of Administration furnish a copy of each contract for a major procurement to the Department of Revenue (DOR).

Under current law and under the bill, a "major procurement" means a procurement for materials, supplies, equipment, or services which are unique to the Lottery and not common to the ordinary operations of state agencies, including security services, prize payout agreements, annuity contracts and materials, supplies, equipment or services involving marketing, the printing of lottery tickets or lottery shares, the receiving or recording of a player's selection in any lottery game, and the determination of winners of a lottery game.

Currently, DOA delegates to DOR the authority to make major procurements. The administration indicates that DOR is responsible for signing and administering its own contracts and does not need DOA to furnish copies.

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

13. ELIMINATE LEGAL SERVICES REQUIREMENT REGARDING USE OF CONTRACTUAL SERVICES

Governor: Repeal the requirement that the Division of Legal Services document the Division's success in reducing the state's use of contracted employees, as part of the Department's annual report concerning the number, value and nature of contractual service procurements authorized for each agency during the preceding fiscal year.

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

14. PRISON INDUSTRIES FURNITURE PROCUREMENT PRICING RULE

Joint Finance/Legislature: Require DOA or any other designated purchasing agent to offer prison industries the opportunity to supply any furniture that is enumerated in the Department of Corrections (DOC) list of items supplied by prison industries, prior to seeking bids or competitive sealed proposals if DOC is able to provide the furniture at a price comparable to one which may be obtained through competitive bidding or competitive sealed proposals and is able to conform to specifications. Further, specify that DOA may solicit bids or competitive sealed proposals before awarding the order or contract if DOA or another purchasing agency is unable to determine whether the price of prison industries is comparable.

Veto by Governor [D-22]: Delete provision.

[Act 20 Vetoed Sections: 114b, 114bd, and 9301(1e)]

Division of Gaming

1. TRIBAL GAMING APPROPRIATIONS AND GENERAL FUND REVENUE [LFB Paper 135]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Tribal	\$52,752,100	\$521,200	\$53,273,300

Governor: Appropriate \$27,317,300 in 2013-14 and \$27,291,900 in 2014-15 in tribal gaming revenue paid to the state under the tribal gaming compacts. The appropriations include: (a) allocations totaling \$25,182,000 in 2013-14 and \$25,182,500 in 2014-15 to various state agencies for programs unrelated to tribal gaming regulation or law enforcement; and (b) appropriations for the regulation of tribal gaming in DOA [\$1,978,900 in 2013-14 and \$1,952,900 in 2014-15], and tribal gaming law enforcement in the Department of Justice (DOJ) [\$156,400 in 2013-14 and \$156,500 in 2014-15].

Tribal revenue paid to the state is based on provisions under the current state-tribal gaming compacts. Under the compacts, tribes are scheduled to make payments to the state based on a percentage of net revenue (gross revenue minus winnings). The percentages used to calculate state payments vary by tribe and, in some cases, may vary by year for the same tribe.

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

Under the bill, tribal payments to the state for gaming in the 2013-15 biennium are projected to total \$52,994,900 in 2013-14 and \$53,789,800 in 2014-15. The general fund condition statement included in the bill shows tribal gaming general fund revenue totaling \$25,985,400 in 2013-14 and \$26,766,700 in 2014-15, and the biennial total of these amounts (\$52,752,100) is shown above. The calculation for the general fund tribal revenue under the bill is summarized in the following table:

**2013-15 Tribal Gaming General Fund Revenue
Governor**

	<u>2013-14</u>	<u>2014-15</u>
Estimated Tribal Payments	\$52,994,900	\$53,789,800
Unobligated Funds Reversions	<u>392,700</u>	<u>392,700</u>
Total Revenue	\$53,387,600	\$54,182,500
Program Allocations to State Agencies	\$27,362,400	\$27,336,400
Program Reserves	<u>39,800</u>	<u>79,400</u>
Total Expenditures	\$27,402,200	\$27,415,800
Tribal Gaming General Fund Revenue	\$25,985,400	\$26,766,700

As noted, allocations to state agencies, including allocations to DOA and DOJ for regulation and law enforcement, total \$27,317,300 in 2013-14 and \$27,291,900 in 2014-15 under the bill. [It should be noted that the program allocations to state agencies displayed in the table above do not reflect the Governor's recommended allocations for the 2013-15 biennium.]

Under the bill, the Governor recommends the appropriation of tribal gaming revenue to 15 state agencies, in 44 program areas, including the DOA regulation and DOJ enforcement appropriations. Each of these program areas is listed and briefly described in the following table. Where there is a net fiscal change associated with any of these appropriations (other than standard budget adjustments), it is included under the budget summaries of the affected agency.

Of these allocations, all 44 are to appropriation accounts authorized under current law [item #5 in the table below is currently an appropriation within the DOA Office of Justice Assistance, which the Governor recommends be transferred to the Department of Corrections]. Of the 44 allocations, 30 are identical amounts to those provided in the 2011-13 biennium. Of the 14 allocations that changed, nine were affected by standard budget adjustments only [identified in the table below as items #18, 19, 21, 25, 26, 28, 29, 41, and 45]. The remaining five are: (a) Tourism general marketing [item #33, reduction of \$405,000 annually]; (b) Tourism Kickapoo Valley law enforcement [item #34, increases of \$15,200 annually for a 0.25 FTE position increase, \$16,700 annually for an increase in LTE salaries and fringe benefits, \$6,000 annually for supplies and services, and \$800 annually for overtime]; (c) UW aquaculture debt service [item #37, an increase of \$300 in 2013-14 and \$800 in 2014-15 for debt service payment increases]; (d) Veterans Affairs American Indian grants, renamed American Indian grants and tribal college tuition reimbursements [item #40, an increase of \$405,000 annually for the reimbursement of veterans for the cost of tuition at tribal colleges]; and (e) Administration Indian gaming operations [item #44, an increase of \$107,000 in 2013-14 and \$81,000 in 2014-15 for operations improvements]. One program area identified in the table [item #31] is not appropriated funding in the 2013-15 biennium, but is an existing appropriation account under current law that can only be funded with tribal gaming revenue.

2013-15 Tribal Gaming Revenue Appropriations

<u>Agency</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>2013-14</u>	<u>2014-15</u>	
1 Administration	\$563,200	\$563,200	County management assistance grant program.
2 Administration	247,500	247,500	UW-Green Bay and Oneida Tribe programs assistance grants.
3 Administration	79,500	79,500	Tribal governmental services and technical assistance.
4 Children and Families	395,000	395,000	Indian child high-cost out-of-home care placements.
5 Corrections	50,000	50,000	American Indian tribal community reintegration program.
6 Corrections	75,000	75,000	Indian juvenile out-of-home care placements.
7 Health Services	445,500	445,500	Elderly nutrition; home-delivered and congregate meals.
8 Health Services	106,900	106,900	American Indian health projects.
9 Health Services	242,000	242,000	Indian aids for social and mental hygiene services.
10 Health Services	445,500	445,500	Indian substance abuse prevention education.
11 Health Services	961,700	961,700	Medical assistance matching funds for tribal outreach positions and federally qualified health centers (FQHC).
12 Health Services	712,800	712,800	Health services: tribal medical relief block grants.
13 Health Services	133,600	133,600	Minority health program and public information campaign grants.
14 Health Services	22,500	22,500	American Indian diabetes and control.
15 Health Services	250,000	250,000	Reimbursements for high-cost mental health placements by tribal courts.
16 Higher Education Aids Board	779,700	779,700	Indian student assistance grant program for American Indian undergraduate or graduate students.
17 Higher Education Aids Board	454,200	454,200	Wisconsin Higher Education Grant (WHEG) program for tribal college students.
18 Historical Society	230,100	230,100	Northern Great Lakes Center operations funding.
19 Historical Society	210,300	210,300	Collection preservation storage facility.
20 Justice	631,200	631,200	County-tribal law enforcement programs: local assistance.
21 Justice	70,100	70,100	County-tribal law enforcement programs: state operations.
22 Justice	490,000	490,000	County law enforcement grant program.
23 Justice	695,000	695,000	Tribal law enforcement grant program.

<u>Agency</u>	<u>Program Revenue</u>		<u>Purpose</u>
	<u>2013-14</u>	<u>2014-15</u>	
24 Natural Resources	\$3,000,000	\$3,000,000	Transfer to the fish and wildlife account of the conservation fund.
25 Natural Resources	92,200	92,200	Management of an elk reintroduction program.
26 Natural Resources	150,600	150,600	Management of state fishery resources in off-reservation areas where tribes have treaty-based rights to fish.
27 Natural Resources	84,500	84,500	Payment to the Lac du Flambeau Band relating to certain fishing and sports licenses.
28 Natural Resources	1,168,700	1,168,700	State snowmobile enforcement program, safety training and fatality reporting.
29 Natural Resources	75,200	75,200	Reintroduction of whooping cranes.
30 Public Instruction	222,800	222,800	Tribal language revitalization grants.
31 Shared Revenue	0	0	Farmland tax relief credit payments by tribes with casinos associated with certain pari-mutuel racetracks. (No allocations are made in the 2013-15 biennium.)
32 Tourism	160,000	160,000	Grants to local organizations and governments to operate regional tourist information centers.
33 Tourism	8,967,100	8,967,100	General tourism marketing, including grants to nonprofit tourism promotion organizations and specific earmarks.
34 Tourism	66,400	66,400	Law enforcement services at the Kickapoo Valley Reserve.
35 Tourism	24,900	24,900	State aid for the arts.
36 Transportation	247,500	247,500	Elderly transportation grants.
37 University of Wisconsin System	262,600	263,100	Ashland full-scale aquaculture demonstration facility debt service payments.
38 University of Wisconsin System	417,500	417,500	Ashland full-scale aquaculture demonstration facility operational costs.
39 University of Wisconsin-Madison	488,700	488,700	Physician and health care provider loan assistance.
40 Veterans Affairs	466,200	466,200	Grants to assist American Indians in obtaining federal and state veterans benefits and to reimburse veterans for the cost of tuition at tribal colleges.
41 Veterans Affairs	86,900	86,900	American Indian services veterans benefits coordinator position.
42 Wisconsin Technical College System Board	594,000	594,000	Grants for work-based learning programs.
43 Workforce Development	<u>314,900</u>	<u>314,900</u>	Vocational rehabilitation services for Native American individuals and American Indian tribes or bands.
Subtotal (Non-Regulatory Items)	\$25,182,000	\$25,182,500	

<u>Agency</u>	<u>Program Revenue</u>		
	<u>2013-14</u>	<u>2014-15</u>	
44 Administration	\$1,978,900	\$1,952,900	General program operations for Indian gaming regulation under the compacts.
45 Justice	<u>156,400</u>	<u>156,500</u>	Investigative services for Indian gaming law enforcement.
Subtotal (Regulation/ Enforcement)	\$2,135,300	\$2,109,400	
Total Appropriations	\$27,317,300	\$27,291,900	

Joint Finance/Legislature: Increase tribal gaming revenue credited to the general fund by \$274,900 in 2013-14 and \$246,300 in 2014-15 as a result of revenue reestimates and technical corrections, reflecting the Governor's recommended allocations and estimated program reserves, as shown in the following table. Tribal gaming revenue appropriations remain as recommended by the Governor (identified in the table above).

2013-15 Tribal Gaming General Fund Revenue Reestimated

	<u>2013-14</u>	<u>2014-15</u>
Estimated Tribal Payments	\$53,257,200	\$54,056,100
Unobligated Funds Reversions	<u>392,700</u>	<u>392,700</u>
Total Revenue	\$53,649,900	\$54,448,800
Program Allocations to State Agencies	\$27,317,300	\$27,291,900
Program Reserves	<u>72,300</u>	<u>143,900</u>
Total Expenditures	\$27,389,600	\$27,435,800
Tribal Gaming General Fund Revenue	\$26,260,300	\$27,013,000

[Act 20 Section: 198]

2. INDIAN GAMING OPERATIONS

PR	\$188,000
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Governor/Legislature: Provide \$107,000 in 2013-14 and \$81,000 in 2014-15 to Indian gaming general program operations to: (a) upgrade the gaming device inventory system; (b) upgrade the hardware and software of the data collection system; (c) provide funding for increased background investigative service fees; and (d) provide funding for arbitration and audit fees.

3. REPEAL REGULATION OF CRANE GAMES

PR	- \$24,000
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Governor/Legislature: Eliminate regulation of crane games and delete \$12,000 annually in related expenditure authority. A crane game is an amusement device involving skill that may reward a player exclusively with merchandise contained within the device.

Currently, a crane game may not be operated unless an owner is registered with the state and an identification number is affixed to the device. The Office of Charitable Gaming oversees regulation of crane games and issues the required identification numbers for a one-time \$120 registration fee per machine.

[Act 20 Sections: 461 and 2256]

4. CHARITABLE GAMING OPERATIONS

PR	\$10,000
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Governor/Legislature: Provide \$5,000 annually to the Office of Charitable Gaming within the Division of Gaming to design software for an online system for charitable gaming applicants to check the status of license applications and renewals. Currently, the Office oversees regulation of bingo, raffles, and crane games.

AGRICULTURE, TRADE AND CONSUMER PROTECTION

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$57,662,000	\$53,103,700	\$74,267,700	\$74,267,700	\$53,367,700	-\$4,294,300	- 7.4%
FED	42,377,600	29,159,500	29,159,500	29,159,500	29,159,500	- 13,218,100	- 31.2
PR	46,400,800	45,126,600	44,992,300	44,992,300	44,992,300	- 1,408,500	- 3.0
SEG	<u>61,106,800</u>	<u>64,435,500</u>	<u>65,913,200</u>	<u>65,913,200</u>	<u>65,913,200</u>	<u>4,806,400</u>	7.9
TOTAL	\$207,547,200	\$191,825,300	\$214,332,700	\$214,332,700	\$193,432,700	-\$14,114,500	- 6.8%
BR		\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000		

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	211.00	211.00	211.00	211.00	211.00	0.00
FED	88.12	85.62	86.62	86.62	86.62	- 1.50
PR	198.47	198.97	196.97	196.97	196.97	- 1.50
SEG	<u>97.30</u>	<u>135.30</u>	<u>131.30</u>	<u>131.30</u>	<u>131.30</u>	<u>34.00</u>
TOTAL	594.89	630.89	625.89	625.89	625.89	31.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the agency base budget for: (a) full funding of salary and fringe benefits for continuing positions (-\$351,900 GPR annually, -\$1,406,100 FED annually, -\$793,400 PR annually, and -\$104,800 SEG annually); (b) reductions for position turnover (-\$267,000 GPR annually and -\$84,000 PR annually); (c) removal of noncontinuing elements (-\$128,200 FED in 2013-14 and -\$189,100 FED in 2014-15 with -2.5 positions each year, and -\$145,200 PR in 2013-14 and -\$175,800 PR in 2014-15 with -0.5 position each year); (d) position reclassifications and semiautomatic pay progressions (\$2,200 GPR annually, \$8,000 FED in 2013-14 and \$11,200

	Funding	Positions
GPR	-\$1,398,200	0.00
FED	- 3,312,300	- 2.50
PR	- 1,799,600	- 0.50
SEG	<u>- 63,700</u>	<u>0.00</u>
Total	-\$6,573,800	- 3.00

FED in 2014-15, \$84,400 PR in 2013-14 and \$105,400 PR in 2014-15, and \$18,800 SEG in 2013-14 and \$28,300 SEG in 2014-15); and (e) full funding of lease costs and directed moves (-\$91,100 GPR in 2013-14 and -\$73,700 GPR in 2014-15, -\$104,300 FED in 2013-14 and -\$97,700 FED in 2014-15, \$34,400 PR in 2013-14 and \$52,000 PR in 2014-15, and \$42,500 SEG in 2013-14 and \$56,300 SEG in 2014-15).

2. GPR BASE REDUCTIONS [LFB Paper 142]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$3,461,600	\$400,000	-\$3,061,600

Governor: Reduce GPR grant appropriations by \$1,730,800 annually as follows: (a) -\$998,600 in 2013-14 and -\$815,900 beginning in 2014-15 for grants to counties for land and water conservation staffing; (b) -\$321,000 annually for agricultural development and diversification (ADD) grants; (c) -\$211,200 annually for financial assistance for testing for Johne's disease, a bacterial gastrointestinal infection affecting ruminant animals; (d) -\$200,000 for Buy Local, Buy Wisconsin grants; and (e) -\$182,700 beginning in 2014-15 for grants to Dane County for assistance with debt service payments on the Dane County Exposition Center.

Joint Finance/Legislature: Modify the Governor's recommendation by restoring funding of \$200,000 GPR annually for the Buy Local, Buy Wisconsin grant program. In addition, require any recipient of a Buy Local, Buy Wisconsin grant to contribute at least 50% of the costs of the project. This would increase the program's required recipient match of at least 33% of a grant received, which is equivalent to 25% of project costs, and which is specified in DATCP administrative rule.

The table below shows base funding and amounts for each appropriation affected by the provision. Under the provision, the appropriations for Johne's disease testing and ADD grants would have no base funding for the 2015-17 biennium. Grants for the Dane County Exposition Center, which pay a portion of debt service on a 1995 facilities expansion primarily for hosting the World Dairy Expo, would have funding eliminated beginning in 2014-15; this complies with a 2005 Act 25 provision that sunsets these assistance payments on June 30, 2014.

DATCP GPR Reductions

<u>Appropriation</u>	<u>Base</u>	<u>2013-14</u>	<u>2014-15</u>
County conservation staff	\$3,843,100	\$2,844,500	\$3,027,200
Ag. development and diversification grants	321,000	0	0
Johne's disease testing assistance	211,200	0	0
Buy Local, Buy Wisconsin Grants	200,000	200,000	200,000
Dane County exposition center aids	<u>182,700</u>	<u>182,700</u>	<u>0</u>
Totals	\$4,758,000	\$3,227,200	\$3,227,200

[In addition to restoring funding for the Buy Local, Buy Wisconsin grant program, Joint Finance action offset the 2013-15 GPR reduction for county conservation staffing grants with equal amounts from the nonpoint account of the segregated environmental fund. This action is shown in a separate item.]

[Act 20 Section: 1592g]

3. LABORATORY RENTAL CHARGES [LFB Paper 143]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$723,600	- \$236,000	\$487,600
PR	<u>0</u>	<u>- 188,900</u>	<u>- 188,900</u>
Total	\$723,600	- \$424,900	\$298,700

Governor: Provide \$358,200 in 2013-14 and \$365,400 beginning in 2014-15 for additional costs charged to DATCP for laboratory facilities housing the DATCP Bureau of Laboratory Services and the plant industry services laboratory. The 2009-11 state building program authorized construction of a new facility to house DATCP laboratory facilities and additional facilities for the Wisconsin State Laboratory of Hygiene on Madison's southeast side near DATCP headquarters. Construction began in November, 2011, and is scheduled to be completed in mid-2013, with agency occupancy to occur thereafter. The provision is intended to provide 50% GPR funding for DATCP laboratory charges assessed by the Department of Administration (DOA) for building debt service and other operating costs.

Joint Finance/Legislature: Delete \$138,100 GPR in 2013-14 and \$97,900 GPR in 2014-15. This would reestimate 50% GPR funding consistent with: (a) updated information on rental costs per square foot DATCP would expect to incur; and (b) an expected two-month delay of DATCP's occupancy of the facilities in 2013-14. Total new GPR funding for DATCP laboratory rental costs would be \$220,100 in 2013-14 and \$267,500 in 2014-15. Specify GPR funding provided is to be one-time funding in 2013-15.

Further, delete \$88,800 PR in 2013-14 and \$100,100 PR in 2014-15 from the DATCP appropriation for laboratory services. This appropriation receives payments assessed annually to the Department's food safety and agricultural chemical programs to support laboratory testing performed for each program. Laboratory rent has been paid mostly from this appropriation; the reduction is intended to reflect lower anticipated PR expenditures accompanying a GPR increase for rental costs.

4. DAIRY PROCESSOR GRANT PROGRAM [LFB Paper 144]

GPR	\$400,000
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Governor/Legislature: Provide \$200,000 GPR annually for a program to promote the growth of the dairy industry in Wisconsin by making grants to dairy processing plants. Require DATCP to conduct a grant program for persons operating dairy processing plants, in addition to

current statutory requirements that DATCP promote the growth of the dairy industry through research, planning, assistance and grants and loans to dairy producers.

2011 Act 32 provided DATCP \$200,000 GPR annually for a program to promote the growth of the dairy industry by making grants or loans to dairy producers. DATCP has since promulgated rules for the program, known as the Grow Wisconsin Dairy Producer program. The program allows grants of up to \$50,000 or loans of up to \$200,000 per producer per biennium for projects by licensed producers that would: (a) increase production, processing, profitability, marketing or distribution of Wisconsin dairy products; (b) provide for capital investment; (c) apply new technology to dairy production; (d) improve the competitiveness of the dairy industry; (e) more efficiently use farmland or other resources; or (f) increase or retain employment within the dairy industry. For awards made in 2011-12, DATCP provided grants totaling \$199,100 to 41 producers for either business development and expansion or identification of opportunities to improve profitability. Awards announced in 2012-13 were \$199,500 for 44 recipients for generally similar purposes. The maximum individual grant is \$5,000, and a 20% recipient match is required, or \$1,000 on a \$5,000 grant. DATCP would similarly determine the terms of the dairy processor grant program by the administrative rule process.

[Act 20 Sections: 203 and 1592]

5. SOIL AND WATER RESOURCE MANAGEMENT -- COUNTY CONSERVATION STAFFING GRANTS [LFB Paper 485]

SEG	\$1,814,500
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Joint Finance/Legislature: Provide \$998,600 SEG in 2013-14 from the nonpoint account of the segregated environmental fund and \$815,900 nonpoint SEG in 2014-15 for grants to counties for land and water conservation staff. Specify that funding provided is on a one-time basis in 2013-15. Funding is intended to offset the entire GPR reduction in the DATCP appropriation for the same grant purpose under a separate provision.

Under the SWRM program, DATCP is to attempt to provide funding to counties for an average of three staff persons per county to assist with the implementation of programs for preventing soil erosion and maintaining water quality. The salary and fringe benefits of the positions are to be state-funded as follows: (a) 100% for the first position; (b) 70% for the second position; and (c) 50% for the third and any subsequent position. DATCP is appropriated a total of \$8,880,000 each year in combined nonpoint SEG and GPR for grants to counties for conservation staffing under both base funding and the bill. In part to offset the additional expenditure, \$1.95 million is transferred during the biennium from the environmental management account to the nonpoint account on a one-time basis. [See the item under "Natural Resources -- Air, Waste and Contaminated Land."]

The following table shows SWRM funding for county conservation staffing grants and cost-sharing grants to landowners each year under the bill, relative to base amounts, and the amount from 2012-13 appropriations allocated by DATCP for 2013.

DATCP Soil and Water Resource Management Funding

<u>Appropriation</u>	<u>Allocation</u>		<u>Joint Finance/Legislature</u>	
	<u>2013*</u>	<u>Base</u>	<u>2013-14</u>	<u>2014-15</u>
County conservation staff (GPR)	\$3,562,700	\$3,843,100	\$2,844,500	\$3,027,200
County conservation staff (SEG)	<u>5,036,900</u>	<u>5,036,900</u>	<u>6,035,500</u>	<u>5,852,800</u>
Subtotal	\$8,599,600	\$8,880,000	\$8,880,000	\$8,880,000
County/landowner cost-shares (SEG)	\$1,856,700	\$5,356,700	\$2,500,000	\$2,500,000
County/landowner cost-shares (BR) **	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>
Subtotal	\$5,356,700	\$8,856,700	\$6,000,000	\$6,000,000
Total	\$13,956,300	\$17,736,700	\$14,880,000	\$14,880,000

* Reflects a \$280,400 GPR reduction for county conservation staffing grants, which was lapsed to the general fund under Act 32 requirements, and \$3.5 million nonpoint SEG in reduced expenditures for landowner cost-shares, but does not include other funds carried over from unspent awards in previous grant years.

** New bonding authority provided in the 2011-13 biennium for the SWRM program was \$7 million. Annual usage of \$3.5 million is assumed as a base and under the bonding authority increase under the bill.

6. SOIL AND WATER RESOURCE MANAGEMENT -- LANDOWNER COST-SHARING AIDS [LFB Paper 485]	SEG	-\$5,713,400
	BR	\$7,000,000

Governor/Legislature: Reduce nonpoint SEG aids under the soil and water resource management (SWRM) program for nonstructural or impermanent practices to abate agricultural runoff by \$2,856,700 annually. The reduction is intended to help balance the nonpoint account of the segregated environmental fund. Further, provide \$7 million in additional nonpoint SEG-supported general obligation bonding authority for installation and construction of structural practices under the SWRM program.

Under the SWRM program, DATCP provides grants to counties to assist rural landowners with the cost of installing best management practices to reduce runoff of sediment and nutrients from agricultural facilities. Most practices are cost-shared at 70%, with the landowner required to provide at least the remaining 30% of funding. Bond proceeds authorized for the program are generally restricted by provisions of the Wisconsin Constitution to supporting installation of permanent structures, such as those for storing or containing manure. Nonpoint SEG appropriations are intended primarily to assist with costs of establishing other nonstructural conservation practices, particularly nutrient management planning. Total bonding authority has been increased by \$7 million each biennium beginning with 2007-09, and total authority would be \$54,075,000 under the provision. Debt service on this bonding authority is supported by nonpoint SEG, and is addressed in a separate item.

[Act 20 Section: 488]

7. AGRICULTURAL CHEMICAL CLEANUP SURCHARGES [LFB Paper 140]	SEG-REV	-\$660,000
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Joint Finance/Legislature: Reduce, by approximately 20%, surcharges on certain

agricultural chemical handler licenses, and agricultural chemical product sales or product registrations deposited to the segregated agricultural chemical cleanup program (ACCP) fund. The following table shows the fee reductions by category.

**Agricultural Chemical Cleanup Program (ACCP)
Fee Surcharge Changes**

<u>ACCP Surcharge</u>	<u>Prior Law</u>	<u>Act 20</u>	<u>Effective Date</u>
Fertilizer Manufacturer/Distributor License	\$14	\$11.20	Aug. 14, 2013
Fertilizer Tonnage	44¢/ton	35¢/ton	Sales beg. July 1, 2014
Pesticide Dealer - Restricted-Use Pesticide	\$28	\$22.40	Jan. 1, 2014
Pesticide Application - Business License	\$38	\$30.40	Jan. 1, 2014
Pesticide Application - Individual License	\$14	\$11.20	Jan. 1, 2014
Non-Household Pesticide Product License			
Annual Sales under \$25,000	\$3.50	\$2.80	Sales est. w/ 2014 license yr.
Annual Sales \$25,000 - \$74,999	\$120	\$96	Sales est. w/ 2014 license yr.
Annual Sales \$75,000 and Over	0.75%	0.60%	Sales est. w/ 2014 license yr.

The agricultural chemical cleanup program provides reimbursements for the remediation of fertilizer and non-household pesticide spills at commercial fertilizer blending facilities, commercial pesticide application businesses and farm sites. The statutes specify ACCP reimbursements of 75% of up to \$400,000 in eligible costs, subject to a deductible of \$3,000 for small farms and businesses and \$7,500 for larger businesses or certain licensed pesticide handlers. The ACCP fund is supported by the surcharges shown above. The reductions are estimated to decrease ACCP SEG revenues by approximately \$330,000 annually beginning in 2013-14, on the basis of 2011-12 revenues of approximately \$2.4 million. Reductions in fertilizer tonnage surcharges are expected to result in additional decreases of \$145,000 annually beginning in 2015-16, or a total of \$475,000 annually, based on 2011-12 revenue levels, once the surcharge reductions have taken full effect.

[Act 20 Sections: 1593gd, 1593gm thru 1593is, and 9302(1c)]

- 8. AGRICULTURAL CHEMICAL CLEANUP REIMBURSEMENTS** [LFB Paper 140] SEG - \$1,400,000

Governor/Legislature: Reestimate reimbursements of agricultural chemical cleanups at \$1.5 million annually, a decrease of \$700,000 from the adjusted base of \$2.2 million. The amount budgeted would reflect DATCP projections for program activity beginning in the 2013-15 biennium.

- 9. COUNTY FAIR AIDS** GPR \$100,000

Joint Finance/Legislature: Provide an additional \$50,000 annually for aids to county and district fairs. DATCP has base funding of \$356,400 GPR each year for fair aids, and the statutes

provide the Department may reimburse fairs for award premiums on such categories as livestock, educational exhibits, agricultural implements and tools, and certain other categories. Awards are distributed for: (a) 95% of the first \$8,000 paid in net premiums; and (b) 70% of all net premiums paid in excess of \$8,000. Awards are capped at \$10,000 per fair, subject to further proration if total eligible reimbursements exceed the appropriated amount. The provision increases total funding to \$406,400 GPR annually.

10. GRANTS FOR GRAZING LANDS CONSERVATION INITIATIVE [LFB Paper 145] SEG - \$751,000

Governor/Legislature: Repeal the annual agrichemical management (ACM) SEG appropriation for grants under the Grazing Lands Conservation Initiative (GLCI), and eliminate state funding of \$375,500 annually. The GLCI supports education and technical assistance to encourage farms to implement or further develop managed grazing systems for livestock herds. GLCI grants have been supported by both ACM SEG and federal funds. (A separate item reestimates federal funds to be received in 2013-15, due in part to an expectation that federal revenues, if any, for GLCI grants will be lower in future years than previously budgeted.)

[Act 20 Sections: 204 and 1593]

11. TRANSFER TANK AND PETROLEUM TESTING PROGRAM FROM DSPTS [LFB Papers 575 and 578]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$10,116,600	38.00	-\$336,800	- 4.00	\$9,779,800	34.00
FED	<u>658,200</u>	<u>2.00</u>	<u>0</u>	<u>0.00</u>	<u>658,200</u>	<u>2.00</u>
Total	\$10,774,800	40.00	-\$336,800	- 4.00	\$10,438,000	36.00

Governor: Transfer certain statutory regulatory authorities relating to petroleum tanks and petroleum products from the Department of Safety and Professional Services (DSPTS) to DATCP. Create an annual appropriation in DATCP, funded by the segregated petroleum inspection fund, with \$5,153,100 SEG in 2013-14, \$4,963,500 SEG in 2014-15 and 38.0 positions. Provide \$329,100 FED each year with 2.0 positions in an existing FED appropriation for trade and consumer protection services. Also, transfer from DSPTS to DATCP a GPR annual appropriation for the inventory of aboveground petroleum product storage tanks and unused underground petroleum product storage tanks. Further, create in DATCP a program revenue continuing appropriation supported by fees collected from the testing of petroleum products, other than statutory fees collected for deposit in the petroleum inspection fund. (No expenditure authority is provided for 2013-15 in the GPR or PR appropriations.)

DATCP has had responsibilities for enforcing state laws regarding weights and measures, including the proper delivery of gasoline from retail pumps. DSPTS has been responsible for

inspection of petroleum products and petroleum storage tanks, including those at retail gasoline stations. The transfer is intended to centralize most petroleum- and gasoline-related inspections in one agency. The Governor's recommendation would transfer responsibilities relating to: (a) petroleum product inspection and testing; (b) petroleum storage tank inspection, including retail service stations and non-retail holding tanks; (c) operation of petroleum testing labs to analyze petroleum product samples; (d) other flammable, combustible, and hazardous liquid storage; and (e) credentialing of persons and businesses installing or servicing petroleum tank storage and petroleum conveyances. DSPPS would retain authority related to review of plans for using, storing or handling flammable or combustible liquids, or other similar federally regulated substances. [See "Safety and Professional Services -- Buildings and Environmental Regulation" for more information.]

The segregated petroleum inspection fund, from which DATCP would receive most of the additional expenditure authority under this provision, is supported primarily by inspection fees of 2¢ per gallon on most gasoline, alcohol-gasoline blends, diesel, kerosene, fuel oil and aviation fuel. DATCP has existing petroleum inspection SEG appropriations for: (a) enforcement of the unfair sales act, which generally prohibits sales below cost and requires pricing practices for certain products, commonly known as the minimum markup law; and (b) general operations of DATCP's weights and measures program under Chapter 98 of the statutes. Base budget authority for these appropriations is: (a) \$213,600 with 2.35 auditor and division administrative positions for unfair sales act enforcement; and (b) \$771,400 with 6.0 positions for the weights and measures program, including 3.0 inspectors, 1.0 inspector supervisor and 2.0 metrologists operating the state weights and measures (metrology) laboratory. Federal revenue that would transfer to DATCP is from a U.S. Environmental Protection Agency grant for regulation of underground storage tanks.

DATCP expects to merge the petroleum and storage tank inspection positions from DSPPS with its Regulation and Safety Section, which is responsible for weights and measures inspection and certain product environmental regulations, into a Bureau of Weights and Measures within the DATCP Division of Trade and Consumer Protection. DATCP expects it would close several regional petroleum inspection laboratories around the state by perhaps July 1, 2014, and centralize petroleum product sample testing in its current metrology laboratory. DATCP expects to cross-train its weights and measures inspectors, who perform regular inspections of retail gas pumps, with incoming petroleum inspectors, such that the entire inspection section would be trained to conduct all gasoline- and petroleum-related inspections.

Of the additional funding provided to DATCP, \$609,300 SEG in 2013-14 and \$304,700 SEG in 2014-15 is one-time funding. DATCP anticipates using one-time funding to purchase additional weights and measures inspection equipment needed by incoming DSPPS inspectors, and to purchase petroleum product sample test equipment for the centralized petroleum product testing laboratory.

Joint Finance: Adopt the Governor's recommendation with the following modifications: (a) transfer responsibilities for plan reviews of storage tanks for flammable or combustible liquids, and increase expenditure authority by \$100,000 petroleum inspection SEG annually; (b) delete 4.0 SEG positions, and expenditure authority of \$268,400 annually, associated with

positions currently vacant in DSPS; and (c) specify that two of the 36.0 remaining positions transferring from DSPS are to have duties and responsibilities for petroleum storage tank plan review and variance petitions.

Assembly/Legislature: Renumber additional DSPS statutes to DATCP to correctly reflect the transfer of petroleum tank plan review functions.

Veto by Governor [D-15]: Delete the specification that two employees transferred to DATCP are to have specific responsibilities related to plan reviews for tanks for flammable/combustible liquids and federally regulated hazardous substances.

[Act 20 Sections: 201, 207, 213m, 520p, 529, 786, 1462, 1463, 1589 thru 1591, 1594, 1595, 1600 thru 1627, 1629 thru 1633, 1652 thru 1657, 1949 thru 1970, 9138(3)&(4), and 9238(1)&(2)]

[Act 20 Vetoed Section: 9138(3)(b)]

12. FARMLAND PRESERVATION GRANTS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
GPR	\$20,900,000	-\$20,900,000	\$0

Joint Finance: Convert the farmland preservation tax credit to a grant program administered by DATCP, beginning with the 2014 tax year. Create in DATCP a sum-sufficient appropriation for farmland preservation grants, with budgeted expenditures of \$20,900,000 beginning in 2014-15. Provide that no new claims for a tax credit may be filed for any taxable year beginning after December 31, 2013, except for any person holding a farmland preservation agreement entered into prior to July 1, 2009. (All persons filing a claim on a per-acre basis are to apply to DATCP to receive payment.)

Authorize the Secretary of Administration to transfer positions from the Department of Revenue (DOR) to DATCP sufficient to administer the farmland preservation grant program. Upon transfer, require the DOA Secretary to report to the Joint Committee on Finance the number of positions transferred and the affected appropriations in each agency. Provide that any incumbent employees transferred from DOR would retain rights and privileges attained in previous service.

Further, provide that DOR may disclose to DATCP whether any person in the household of an applicant for a farmland preservation grant has claimed the homestead tax credit. (Current law would be maintained to specify persons who have claimed or will claim the homestead tax credit may not receive a farmland preservation tax credit/grant for the same tax year.)

The transfer maintains provisions regarding eligibility of claimants and the per-acre basis for grant payments, which is: (a) \$5 for each acre under a farmland preservation agreement; (b)

\$7.50 for each acre in a farmland preservation zoning district; and (c) \$10 for each acre both under a farmland preservation agreement and in a farmland preservation zoning district. Required compliance with soil and water conservation standards also would not be affected. The provision adopts certain other modifications made by Joint Finance to provisions for the tax credit, including: (a) converting the tax credit appropriation to sum-sufficient; (b) ending the \$27,007,200 statutory cap on credits that may be claimed in a fiscal year; and (c) prohibiting future credits or grant payments following fraudulent or reckless claims or applications. [See "Shared Revenue and Tax Relief -- Property Tax Credits."]

Grants under the new program would be considered taxable income for purposes of state and federal income taxes. Under the tax credit program, farmland preservation credits are considered taxable income for Wisconsin income tax purposes. Credits also are considered taxable income for federal income tax purposes, except credit recipients may deduct, from federal adjusted gross income (AGI), the portion of the credit attributable to the farm residence. This portion must be added back to federal AGI for calculating Wisconsin income taxes.

The provision does not affect tax credit claims by holders of farmland preservation agreements entered into prior to July 1, 2009; these persons would still be permitted to file claims for tax credits with DOR, based on the tax credit formula that existed prior to 2009 Act 28, which restructured portions of the farmland preservation program and created the per-acre basis for payment of tax credits.

Assembly/Legislature: Make technical corrections relating to references to eligible farms and to clarify persons with farmland preservation agreements in effect as of July 1, 2009, may modify agreements to apply for the farmland preservation grant instead of the tax credit.

Veto by Governor [D-12]: Delete provision. The Governor's vetoes result in all farmland preservation credits remaining administered by DOR through the income tax. As specified under other provisions of the act, the per-acre farmland preservation tax credit will be funded by a sum-sufficient appropriation budgeted under Shared Revenue and Tax Relief and will have no statutory cap on annual amounts that may be paid to claimants. The farmland preservation tax credit will remain subject to provisions regarding reckless or fraudulent claims.

[Act 20 Sections: 202u, 463s, 1277g, 1434t thru 1437e, 1440cm, 1444, 1587p thru 1587pd, 1587q thru 1587w, 9137(2L), and 9337(5e)&(6)]

[Act 20 Vetoed Sections: 200 (as it related to 20.115(4)(cm)), 202u, 1277g, 1434t, 1437e, 1440cm, 1587p thru 1587pd, 1587q thru 1587w, and 9137(2L)]

13. GRAIN INSPECTION PROGRAM [LFB Paper 141]

Joint Finance/Legislature: Delete \$92,700 each year and 2.0 positions from the grain inspection and certification appropriation. Further, require DATCP to transfer by December 31, 2013, from unencumbered balances of program revenue appropriations, the agricultural chemical management (ACM) fund, or the agricultural chemical cleanup program

	Funding	Positions
PR	- \$185,400	- 2.00
PR/SEG Transfer	\$1,100,000	

(ACCP) fund, an amount sufficient to eliminate the accumulated deficit in the appropriation as of June 30, 2013. (This amount is estimated at approximately \$1.1 million.) Require the Department to submit a plan for transfers to the Joint Committee on Finance by November 15, 2013, under a 14-day passive review. Specify the Department may make the transfers following submittal of the plan to the Committee if the co-chairpersons do not notify DATCP within 14 working days that the Committee has scheduled a meeting to review the plan. If the Committee schedules a meeting to review the plan, provide DATCP may implement the plan only upon approval of the Committee.

As of June 30, 2012, the grain inspection and certification appropriation had an accumulated deficit of -\$981,200. Further, the grain inspection program operated with a number of vacant positions throughout much of 2012. The deletion of positions is intended to better align program staffing and expenditures with anticipated revenues, and the fund transfers would alleviate a long-standing program deficit. The total amount required to balance the appropriation would be estimated at approximately \$1.1 million as of June 30, 2013.

Veto by Governor [D-13]: Delete the 14-day passive review by the Joint Committee on Finance. Also, delete the respective November 15, 2013, and December 31, 2013, deadlines for submitting a plan to Joint Finance and for implementing the transfers. Under the act, DATCP would submit to Joint Finance the plan to transfer the amount needed to eliminate the June 30, 2013, grain inspection deficit, but no Committee action would be required for DATCP to implement the plan.

[Act 20 Vetoed Section: 9102(1e)]

14. CLEAN SWEEP GRANT FUNDING [LFB Paper 140]

SEG	\$750,000
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Governor/Legislature: Provide an additional \$750,000 from the environmental management account of the segregated environmental fund on a one-time basis in 2013-14 for grants under the Clean Sweep program. Further, transfer \$750,000 from the agrichemical management (ACM) fund on a one-time basis in 2013-14 to the environmental management account to offset the additional one-time expenditure.

The Clean Sweep program provides funding primarily to local governments to support events for collecting household hazardous wastes, including unused pharmaceuticals, as well as other hazardous chemicals and chemical containers. Base funding for the program is \$750,000 SEG from the environmental management account. DATCP would use one-time Clean Sweep fund availability in 2013-14 to adjust the timing with which the Department makes grants. Specifically, the Department in recent years has made Clean Sweep grant awards on a calendar-year basis, which is the typical budgeting period for municipalities receiving the grants. However, DATCP determines initial grant awards on the basis of funding available beginning with the next fiscal year (July 1). For example, Clean Sweep events in 2013 are expected to be reimbursed with funding for the 2013-14 fiscal year. This timing discrepancy can lead to circumstances in which the following fiscal year's appropriation is uncertain, pending completion of the biennial budget. Total funding of \$1.5 million in 2013-14 would be expected to support

reimbursements of 2013 events, as well as adjust the program's grant cycle such that in determining initial grant awards for 2014 collection events, DATCP would have unencumbered funds on hand in the Clean Sweep SEG appropriation.

[Act 20 Section: 9202(1)]

15. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	- \$822,100
SEG	<u>390,200</u>
Total	- \$431,900

Governor/Legislature: Provide the following adjustments to DATCP debt service appropriations to reflect estimated principal and interest payments on previously issued general obligation bonds: (a) \$2,500 GPR in 2013-14 and \$1,100 GPR in 2014-15 for debt service on the Wisconsin Veterinary Diagnostic Laboratory [WVDL]; (b) -\$186,100 GPR in 2013-14 and -\$639,600 GPR in 2014-15 for bonds issued for cost-sharing and incentive payments to landowners under the Conservation Reserve Enhancement Program (CREP); and (c) \$74,500 nonpoint account SEG in 2013-14 and \$315,700 nonpoint SEG in 2014-15 for debt service on bonds issued under the soil and water resource management (SWRM) program for providing cost-sharing to landowners for installing structural best management practices. Debt service for these items is budgeted as follows: (a) for WVDL facilities, \$15,500 GPR in 2013-14 and \$14,100 GPR in 2014-15; (b) for CREP, \$1,697,100 GPR in 2013-14 and \$1,243,600 GPR in 2014-15; and (c) for SWRM cost-sharing, \$3,659,500 SEG in 2013-14 and \$3,900,700 SEG in 2014-15.

16. PROGRAM REVENUE REESTIMATES

PR	\$361,400
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Governor/Legislature: Reestimate expenditure authority for program revenue appropriations as follows: (a) increase expenditure authority by \$200,000 annually for computer system equipment, staffing and services; and (b) delete \$19,300 associated with the Agricultural Education and Workforce Development Council (AEWDC).

DATCP reports the additional expenditure authority for computer system equipment and staffing is intended to accommodate increasing costs for general information technology services the Department projects in the biennium. The appropriation is funded by charges assessed internally to other DATCP program areas. Reestimates of AEWDC expenditures reflect an expectation of no revenues to the appropriation in 2013-15. The appropriation has not received any revenues since 2009-10. However, the reestimate would not prevent any funds the Council may receive in 2013-15 from being expended. The AEWDC was created under 2007 Act 223; 1.0 position authorized in that act for the AEWDC executive director was deleted as a long-term vacancy under 2011 Act 32.

17. FEDERAL REVENUE REESTIMATES

FED	- \$10,400,000
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Governor/Legislature: Reduce expenditure authority for FED appropriations by a total of \$5.2 million each year as shown in the following table, based on lower expected revenues in 2013-15. (Parentheses indicate primary programs for which federal funding has been or is

expected to be reduced in each appropriation.)

DATCP 2013-15 Federal Revenue Reestimates

<u>Appropriation</u>	<u>Annual Reduction</u>
Animal health services (Chronic wasting disease, Johne's disease)	-\$800,000
Agricultural development (Dairy Business Initiative)	-900,000
Agricultural development (Grazing Lands Conservation Initiative)	-1,150,000
Agricultural resource management (Emerald ash borer)	-1,150,000
Central administrative services (Livestock premises registration)	<u>-1,200,000</u>
 Total	 -\$5,200,000

18. TRANSFER FACILITY DESIGN SERVICES TO THE DEPARTMENT OF ADMINISTRATION [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance/Leg. (Chg. to Gov) Positions	Net Change Positions
FED	- 1.00	1.00	0.00

Governor: Transfer facility design responsibilities to the Department of Administration (DOA). Reduce position authority by 1.0 annually associated with facility design functions in DATCP. Salary and fringe benefits funding for the transferred position would remain in DATCP's budget to pay fees assessed by DOA to agencies for facility design services.

Specify that the incumbent employee would be transferred to DOA, and retain civil service rights and status enjoyed prior to the transfer. If the transferred employee has attained permanent status, the employee would not be required to serve a probationary period. Transfer all assets and liabilities, tangible personal property, contracts and pending matters, as determined by the Secretary of DOA, related to facilities design from DATCP to DOA. [See "Administration -- Transfers."]

Joint Finance/Legislature: Delete provision.

19. DISCOVERY FARMS AND ANIMAL HEALTH FUNDING TRANSFER [LFB Paper 146]

Governor: Convert \$248,400 SEG annually for the Discovery Farms program in the UW System from the agricultural chemical cleanup program (ACCP) fund to the agrichemical management (ACM) fund. The Discovery Farms program supports research projects at working farms throughout Wisconsin to measure environmental and economic effects of agricultural practices. The program, which is budgeted under the UW System, has received ACCP SEG funding since 2007-08. Converting the source of the appropriation is intended to reduce annual obligations of the ACCP fund, which has regularly had lower balances than the ACM fund in

recent years.

Joint Finance/Legislature: Adopt the Governor's recommendation to transfer funding and positions for the Discovery Farms program. In addition, transfer 4.0 positions and associated funding of \$352,500 annually from the ACCP fund to the ACM fund. The positions were authorized in the ACCP fund under 2009 Act 28. Transferring appropriations for both the Discovery Farms and animal health programs eliminates all ACCP SEG appropriations except for cleanup reimbursements, which are addressed in a separate item.

[Act 20 Sections: 202s and 251]

20. FERTILIZER RESEARCH FUNDING [LFB Paper 140]

PR	\$240,000
SEG-REV	- \$240,000

Joint Finance/Legislature: Provide \$120,000 PR annually and increase, from 10¢ to 17¢, the fee on each ton of fertilizer sold or distributed in the state forwarded by DATCP to the University of Wisconsin System for research on fertilizer use. Decrease, from 30¢ to 23¢, the amount per ton deposited to the agrichemical management (ACM) fund. Provide that the transfer of fertilizer tonnage fee takes effect with fertilizer sold beginning July 1, 2012, the fees for which would be due to DATCP in the 2013-14 fiscal year (August, 2013).

The statutes specify each ton of fertilizer sold or distributed in the state is subject to total fees of \$1.06, including: (a) 30¢ deposited to the ACM fund; (b) 44¢ deposited to the ACCP fund (35¢ under the separate item for ACCP surcharge reductions); (c) 10¢ deposited to the DATCP program revenue appropriation and subsequently forwarded to the UW System on the recommendation of the Fertilizer Research Council for projects to study fertilizer use and the problems arising from fertilizer use; (d) 10¢ for outreach activities conducted by the UW-Extension; (e) 10¢ to the environmental management account of the environmental fund; and (f) 2¢ to the DATCP appropriation for weights and measures inspection and enforcement. 2011 Act 32 specified the same transfer of 7¢ per ton from the ACM fund to the fertilizer research PR appropriation on a one-time basis in 2012-13. DATCP reports the additional transfer of funds in 2012-13 is \$124,800. The transfer is estimated at \$120,000 annually in the 2013-15 biennium.

[Act 20 Sections: 1593gh, 1593gj, and 9302(1b)]

21. GIS POSITION REALIGNMENT

	Funding	Positions
FED	- \$164,000	- 1.00
PR	<u>164,000</u>	<u>1.00</u>
Total	\$0	0.00

Governor/Legislature: Convert \$82,000 FED annually with 1.0 position from the DATCP appropriation for federal assistance for animal health programs to the DATCP PR appropriation for central administrative services. The position to be transferred is responsible for geographic information systems (GIS). The transfer is intended to reflect the nature of the position's responsibilities, which are no longer specific to the animal health program.

22. LIVESTOCK PREMISES REGISTRATION FUNDING [LFB Paper 147]

Governor/Legislature: Continue base-level funding of \$250,000 GPR annually for the livestock premises registration program. The statutes require that persons keeping most types of livestock in the state must register any premises that house the animals. This is intended primarily to assist with responding to outbreaks of disease, should they occur. 2011 Act 278 provided \$250,000 GPR in 2012-13 with 1.0 GPR position for program administration, which was intended to partially replace expiring federal funding that had previously supported program costs. To offset the fiscal effect to the state general fund, Act 278 also transferred \$250,000 working lands SEG to the general fund in 2012-13 on a one-time basis. The act also required DATCP to propose in its 2013-15 agency request a means for funding the program in future biennia. DATCP subsequently requested the continuation of GPR funding.

DATCP used the 2012-13 funding to continue a contract with the Wisconsin Livestock Identification Consortium (WLIC) for administering the program. The position has not been filled, although 2013-15 annual budget authority would increase from a base of \$250,000 to \$250,400, due to a standard budget adjustment item associated with the authorized position. DATCP expects any funding in the 2013-15 biennium would continue to fund services contracted through WLIC.

23. AGRICULTURAL CHEMICAL CLEANUP REIMBURSEMENT ELIGIBILITY

Joint Finance/Legislature: Specify eligibility for reimbursement of agricultural chemical discharge cleanup costs under the agricultural chemical cleanup program is discontinued for bulk storage facilities: (a) owned or operated by manufacturers or distributors of fertilizer and pesticides; and (b) at any property that, prior to the bill's effective date, had not been used to store agricultural chemicals, unless the party had filed a construction plan with DATCP by the bill's effective date. Under the provision, commercial properties at which bulk storage of agricultural chemicals already occurs, as well as bulk storage at both existing and new noncommercial sites, such as those occurring mostly at farms, would continue to have ACCP reimbursement eligibility.

[Act 20 Section: 1593km]

24. WEIGHTS AND MEASURES PROGRAM CONTRACTING

Joint Finance/Legislature: Amend s. 98.04 of the statutes to specify that a municipality required under current law to establish its own municipal department of weights and measures may instead contract with a licensed private weights and measures service provider to enforce state law regarding the maintenance and use of weights and measures in trade.

A municipality with population of more than 5,000 is required by statute to establish a weights and measures department to enforce state laws regarding the use of weights and measures in commercial activity. The statutes also allow for a municipality instead to provide these services by contracting with DATCP, and to assess fees on the entities receiving those

services to cover the contract charges. Fees assessed may not exceed the municipality's actual costs for the contract. As of July 1, 2012, 114 municipalities had contracts with DATCP for weights and measures inspection services.

Also, the statutes require private parties that install, calibrate, service or test weights and measures to be licensed by DATCP. The bill would allow municipalities to contract with licensed private service providers to perform inspection services, instead of the municipality establishing its own weights and measures department or contracting with DATCP for inspection services. Similar to statutory allowances for those under DATCP contracts, the provision would include authority for the municipality to recover the costs it may incur under a contract with a private vendor by collecting fees from businesses receiving weights and measures inspection services.

Veto by Governor [D-14]: Delete provision (maintain current law).

[Act 20 Vetoed Section: 1593v]

25. AGRICULTURAL CHEMICAL CLEANUP PROGRAM SAMPLING

Joint Finance/Legislature: Repeal s. 94.73 (9) of the statutes, providing that DATCP is to conduct, in cooperation with the Department of Natural Resources, a program for sampling soil and other environmental samples from sites at which a discharge of agricultural chemicals may have occurred.

[Act 20 Section: 1593L]

26. AGRICULTURAL PRODUCER SECURITY PROGRAM -- MILK CONTRACTOR ASSESSMENTS

SEG-REV	-\$6,600
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Joint Finance/Legislature: Amend Subchapter V of Chapter 126 to specify that, for purposes of a milk contractor calculating its current ratio and debt-to-equity ratio, as required for periodic reporting to DATCP, the following items are to be excluded, unless DATCP specifically approves their inclusion: (a) a liability and the corresponding impact to equity from the recording of a loss as a component of other comprehensive income due to the recognition of the funding status of a defined benefit pension plan; and (b) an asset and the corresponding liability that represent an amount collectable from, and owed to, the contractor itself, as proven by the contractor.

Under the agricultural producer security (APS) program, DATCP collects license fees and additional risk-based assessments from milk contractors, vegetable contractors, grain dealers and grain warehouse keepers. Proceeds are held in the segregated agricultural producer security fund to compensate producers in the event a contractor defaults on payment for products received. As of March 31, 2013, DATCP reports the APS fund had an overall balance of \$12.3 million, of which \$7.6 million was attributable to milk contractors.

Contractors in general are required annually, and in some cases, quarterly, to provide

DATCP with financial statements prepared according to Generally Accepted Accounting Principles (GAAP). For milk contractors, assessments may be due to the APS fund if a financial statement shows the entity had: (a) negative equity; or (b) a sufficiently high risk profile, based on the contractor's ratio of current assets to current liabilities, or its ratio of liabilities to equity. Assessments, if payable by a contractor, are based on these ratios and gross obligations to milk producers.

DATCP reports recent milk contractor financial statements indicate the exclusion of pension liabilities would result in a reduction of perhaps \$3,300 SEG annually in milk contractor assessments deposited to the agricultural producer security fund under current program conditions. The fiscal effect of the other exclusion for certain assets and liabilities owed internally, if any, is not known.

[Act 20 Sections: 1894p thru 1894s]

27. FARMLAND PRESERVATION AGREEMENT SUBORDINATION

Joint Finance/Legislature: Repeal s. 91.64 (2)(g) of the statutes requiring all holders of mortgages, easements, or other liens on farmland to submit signed statements agreeing to subordinate their claims under such instruments to the terms of any farmland preservation agreement for which the landowner has applied. Instead, specify a landowner and any holder of a mortgage, easement, or lien on a property to which a farmland preservation agreement would be subject must sign the application for an agreement.

[Act 20 Sections: 1587pe and 1587pg]

28. VIDEO PROGRAMMING SERVICE DISCONNECTIONS

Joint Finance/Legislature: Repeal s. 100.209(2)(e) 1. of the statutes, establishing that a provider of multichannel video services, including cable, satellite and similar Internet-based video programming providers, may not disconnect a subscriber's service or portion of service for failure to pay a bill until the bill is 45 days or more past due. The provision does not affect other requirements on providers under s. 100.209(2), including: (a) required repairs of video services within 72 hours of a reported service interruption, except in case of natural disaster; (b) providing certain billing credits to a subscriber for service interruptions; (c) giving subscribers 30 days' written notice of deletion of a program service; (d) giving subscribers 30 days' written notice before a rate increase; and (e) giving a subscriber at least 10 days' written notice before disconnecting service, except in case of a subscriber's cancellation of services, or if necessary to prevent theft of programming services.

Under the provision, DATCP would retain authority, concurrent with district attorneys, to institute civil proceedings for violations of these requirements. The Department also has authority to promulgate administrative rules or issue orders related to rights granted to multichannel video service subscribers.

[Act 20 Sections: 1594g and 1594r]

29. REPEAL AGRICULTURE-RELATED TAX CREDITS

Joint Finance/Legislature: Eliminate the following refundable tax credits administered in part by DATCP, beginning with claims for the 2014 tax year: (a) dairy manufacturing facility investment; (b) meat processing facility investment; (c) food processing facility and food warehouse investment; and (d) beginning farmer and farm asset owner. Further, eliminate the refundable woody biomass harvesting and processing investment credit beginning with the 2015 tax year.

For the tax credits listed above, DATCP has responsibilities for: (a) verifying the investments or expenditures upon which a person is claiming eligibility for tax credits; and (b) certifying the amount of credits a person may claim in income tax filings. The beginning farmer and farm asset owner credit was created under 2009 Act 28, while administrative functions for the other credits listed above were transferred to DATCP under 2011 Act 32 following the elimination of the former Department of Commerce. Although the provision would eliminate future tax credits, DATCP's statutory responsibilities related to prior credits would not be affected. [See General Fund Taxes--Income and Franchise Taxes."]

[Act 20 Sections: 1338k thru 1338u, 1348d, 1348e, 1390k thru 1390u, 1398i, 1398j, 1426k thru 1426u, 1434i, and 1434j]

30. STUDY ON CONSOLIDATION OF DATCP AND DSPS

Joint Finance/Legislature: Require DOA to conduct a study concerning the consolidation of the functions performed by DATCP and the Department of Safety and Professional Services (DSPS) under a single new agency named the Department of Agriculture, Regulation, and Trade (DART).

Require DOA to submit a report of its findings from the study, no later than January 1, 2014, to the Joint Committee on Finance and to the appropriate standing committees of the Legislature. Specify that the report shall set forth DOA's recommendations concerning the proposed consolidation, and if the Department recommends consolidation, the report shall include recommendations pertaining to: (a) organizational structure, programmatic functions, and performance objectives of DART; (b) elimination of any positions, boards or councils that may be appropriate as a result of the consolidation of agencies; (c) programs or functions that may be appropriate to transfer to an agency other than DART; and (d) any way to improve the services to be provided by DART.

Require DOA, if it recommends consolidation in its report to the legislative committees, to also submit with that report draft legislation that implements, effective July 1, 2015, the recommendations made in the report. [See "Safety and Professional Services -- Departmentwide and Professional Regulation" for additional information.]

[Act 20 Section: 9101(3s)]

BOARD ON AGING AND LONG-TERM CARE

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$2,154,400	\$2,252,600	\$2,235,200	\$2,235,200	\$2,235,200	\$80,800	3.8%
PR	<u>3,541,600</u>	<u>3,428,400</u>	<u>3,428,400</u>	<u>3,428,400</u>	<u>3,428,400</u>	- 113,200	- 3.2
TOTAL	\$5,696,000	\$5,681,000	\$5,663,600	\$5,663,600	\$5,663,600	- \$32,400	- 0.6%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	14.73	15.73	15.73	15.73	15.73	1.00
PR	<u>22.27</u>	<u>21.27</u>	<u>21.27</u>	<u>21.27</u>	<u>21.27</u>	- 1.00
TOTAL	37.00	37.00	37.00	37.00	37.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$42,200
PR	<u>- 33,800</u>
Total	- \$76,000

Governor/Legislature: Reduce funding by \$38,800 (-\$21,100 GPR and -\$17,700 PR) in 2013-14 and by \$37,200 (-\$21,100 GPR and -\$16,100 PR) in 2014-15 to reflect the following standard budget adjustments: (a) full funding of salaries and fringe benefits (-\$23,900 GPR and -\$11,500 PR annually); (b) reclassifications and semiautomatic pay progression (\$2,800 GPR and \$1,900 PR annually); and (c) full funding of lease and directed moves costs (-\$8,100 PR in 2013-14 and -\$6,500 PR in 2014-15).

2. OMBUDSMAN RELOCATION SPECIALIST [LFB Paper 150]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$163,000	1.00	-\$17,400	0.00	\$145,600	1.00
PR	<u>-129,600</u>	<u>-1.00</u>	<u>0</u>	<u>0.00</u>	<u>-129,600</u>	<u>-1.00</u>
Total	\$33,400	0.00	-\$17,400	0.00	\$16,000	0.00

Governor: Convert 1.00 ombudsman relocation specialist position from PR to GPR, beginning in 2013-14. Increase funding by \$81,500 GPR annually and reduce funding by \$64,800 PR annually to reflect this change and to increase supplies funding for the position.

This position is currently funded from revenue the Department of Health Services (DHS) receives and transfers, as PR, to the Board on Aging and Long-Term Care (BOALTC). Federal law limits the use of these funds for time-limited projects of up to three years. This position has been supported from this source for more than three years, and cannot continue to be supported with these revenues.

The position provides advocacy services exclusively to clients that are relocated from nursing homes. In this capacity, the position advocates for proper assessments of clients transitioning from one nursing home to another, assists with the appeals and grievance process, prepares informational documents, raises awareness regarding relocation stress, and facilitates meetings with clients, families, resident and family councils, and facilities.

Joint Finance/Legislature: Reduce funding for supplies and services by \$8,700 GPR annually, so that \$8,800 GPR would be provided annually to support the activities of this position.

3. MEDIGAP HELPLINE DATABASE

PR	\$50,200
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Governor/Legislature: Provide \$37,100 in 2013-14 and \$13,100 in 2014-15 to fund the creation of a new Medigap Helpline database. This item would be funded with insurance fee revenue transferred from the Office of the Commissioner of Insurance, which currently funds the operation of the Helpline.

The Medigap Helpline provides direct counseling and public information services to individuals that have questions about Medicare and how Medicare interacts with other public and private forms of health coverage. In April 2012, the Department of Health Services began contracting with BOALTC to operate a separate Medicare Part D Helpline to assist individuals with their questions about Medicare Part D (the Medicare-funded outpatient drug benefit). This led to an increase in the number of calls the Medigap Helpline receives. Call information from both helplines must be entered into the current database and reported to the U.S. Centers for Medicare and Medicaid Services.

Under this item, BOALTC would contract for the development and maintenance of an Internet-based system to better meet the reporting requirements and manage daily call information.

4. SUPPLIES AND SERVICES REDUCTION

GPR	- \$22,600
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Governor/Legislature: Reduce funding for supplies and services for general program operations by \$11,300 annually. Total base funding for the agency's supplies and services costs, including costs related to operations of the Medigap Helpline and activities funded from contracts with other state agencies is \$396,300 (\$122,600 GPR and \$273,700 PR).

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
FED	\$105,400	\$105,400	\$105,400	\$105,400	\$105,400	\$0	0.0%
PR	<u>2,989,000</u>	<u>2,994,000</u>	<u>2,994,000</u>	<u>2,994,000</u>	<u>2,994,000</u>	<u>5,000</u>	0.2
TOTAL	\$3,094,400	\$3,099,400	\$3,099,400	\$3,099,400	\$3,099,400	\$5,000	0.2%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
PR	8.50	9.50	9.50	9.50	9.50	1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$0
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Governor/Legislature: Provide a decrease of \$800 PR in 2013-14 and an increase of \$800 PR in 2014-15 2014-15 for adjustments to the base budget as follows: (a) -\$9,600 annually for full funding of continuing salaries and fringe benefits; (b) \$10,900 annually for reclassifications of two staff; and (c) -\$2,100 in 2013-14 and -\$500 in 2014-15 for full funding of lease and directed move costs.

2. LAND RECORDS ARCHIVIST

	Funding	Positions
PR	\$5,000	1.00

Governor/Legislature: Delete \$52,000 in LTE salary and provide a corresponding \$52,000 in permanent position salary, plus an additional \$2,500 annually in fringe benefits with 1.0 position to convert an existing LTE land records archivist to a permanent position.

BOARD FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$51,800	\$118,200	\$118,200	\$118,200	\$118,200	\$66,400	128.2%
FED	<u>2,551,600</u>	<u>2,691,600</u>	<u>2,691,600</u>	<u>2,691,600</u>	<u>2,691,600</u>	<u>140,000</u>	5.5
TOTAL	\$2,603,400	\$2,809,800	\$2,809,800	\$2,809,800	\$2,809,800	\$206,400	7.9%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
FED	6.75	6.75	6.75	6.75	6.75	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide \$103,200 (\$33,200 GPR and \$70,000 FED) annually to adjust the agency's budget for full funding of continuing positions (\$70,000 FED annually) and lease and directed move costs (\$33,200 GPR annually).

GPR	\$66,400
FED	<u>140,000</u>
Total	\$206,400

BONDING AUTHORIZATION

1. GENERAL OBLIGATION BONDING AUTHORITY

Governor/Building Commission: Provide general obligation bonding authority of \$1,750,392,900 as indicated.

Joint Finance/Legislature: Provide general obligation bonding authority of \$1,389,492,900 as indicated.

Act 20: Provide general obligation bonding authority of \$1,639,492,900 as indicated.

<u>Agency and Purpose</u>	<u>Governor/ Bldg. Comm.</u>	<u>Joint Finance/Leg.</u>	<u>Act 20</u>
Administration			
Energy conservation	\$20,000,000	\$20,000,000	\$20,000,000
Agriculture, Trade and Consumer Protection			
Soil and water	\$7,000,000	\$7,000,000	\$7,000,000
Building Commission			
Other public purposes (All Agency Projects)	186,500,000	186,500,000	186,500,000
Housing state agencies	197,529,300	197,529,300	197,529,300
Dane County Livestock Facilities	9,000,000	9,000,000	9,000,000
Domestic Abuse Intervention Center	560,000	560,000	560,000
K I Convention Center	2,000,000	2,000,000	2,000,000
Norskedalen Nature and Heritage Center	1,048,300	1,048,300	1,048,300
Wisconsin Maritime Center of Excellence	5,000,000	5,000,000	5,000,000
Building Program			
Unspecified building program reductions	0	-250,000,000	0
Children's Hospital of Wisconsin			
Family Justice Center	10,625,000	10,625,000	10,625,000
Corrections			
Correctional facilities	34,473,000	34,473,000	34,473,000
Environmental Improvement Fund			
Clean Water Fund	0	-42,900,000	-42,900,000
Safe drinking water loan program	7,100,000	5,400,000	5,400,000
Health Services			
Mental health facilities	6,713,000	6,713,000	6,713,000
Historical Society			
Museum facility	5,000,000	5,000,000	5,000,000

<u>Agency and Purpose</u>	<u>Governor/ Bldg. Comm.</u>	<u>Joint Finance/Leg.</u>	<u>Act 20</u>
Medical College of Wisconsin			
Community medical education facilities	\$7,384,300	\$7,384,300	\$7,384,300
Military Affairs			
Armory and military facilities	3,604,800	3,604,800	3,604,800
Natural Resources			
General fund supported administration facilities	5,103,900	5,103,900	5,103,900
SEG revenue supported facilities	12,264,800	12,264,800	12,264,800
Environmental SEG supported administration facilities	8,434,000	8,434,000	8,434,000
Nonpoint source	7,000,000	7,000,000	7,000,000
Urban nonpoint source cost-sharing	5,000,000	5,000,000	5,000,000
Contaminated sediment removal	5,000,000	5,000,000	5,000,000
Dam safety projects	4,000,000	4,000,000	4,000,000
Stewardship 2000	0	-63,500,000	-63,500,000
State Fair Park			
Self-amortizing facilities	250,000	250,000	250,000
Transportation			
Harbor improvements	10,700,000	15,900,000	15,900,000
Rail acquisitions and improvements	60,000,000	52,000,000	52,000,000
State highway rehabilitation projects, southeast mega projects	200,000,000	200,000,000	200,000,000
State highway rehabilitation projects, southeast mega projects, and high-cost bridge projects	307,000,000	307,000,000	307,000,000
University of Wisconsin			
Academic facilities	238,764,800	238,764,800	238,764,800
Self-amortizing facilities	375,831,400	375,831,400	375,831,400
Veterans Affairs			
Self-amortizing facilities	<u>7,506,300</u>	<u>7,506,300</u>	<u>7,506,300</u>
TOTAL General Obligation Bonds	\$1,750,392,900*	\$1,389,492,900*	\$1,639,492,900*

*Excludes \$2,010,000,000 of economic refunding authority included in the bill.

[Act 20 Section: 199]

2. REVENUE OBLIGATION BONDING

Governor: Provide revenue obligation bonding authority of \$416,512,000 as indicated.

Joint Finance/Legislature: Provide revenue obligation bonding authority of \$409,112,000 as indicated.

<u>Agency and Purpose</u>	<u>Governor/ Bldg. Comm.</u>	<u>Joint Finance/Leg.</u>	<u>Act 20</u>
Environmental Improvement Fund			
Clean Water fund program	\$0	-\$7,400,000	-\$7,400,000
Transportation			
Major highway projects, transportation facilities	<u>\$416,512,000</u>	<u>\$416,512,000</u>	<u>\$416,512,000</u>
Total Revenue Obligations	\$416,512,000	\$409,112,000	\$409,112,000
GRAND TOTAL General and Revenue Obligation Bonds	\$2,166,904,900	\$1,798,604,900	\$2,048,604,900

[Act 20 Section: 199]

BUDGET MANAGEMENT AND COMPENSATION RESERVES

Budget Change Items

1. COMPENSATION RESERVES [LFB Papers 155, 156, and 676]

Governor: Provide, in the 2013-15 general fund condition statement, total compensation reserves of \$92,727,400 in 2013-14 and \$152,000,900 in 2014-15 for the increased cost of state employee salaries and fringe benefits. Total compensation reserve amounts by fund source and fiscal year are shown in the following table:

<u>Fund Source</u>	<u>2013-14</u>	<u>2014-15</u>
General Purpose Revenue	\$46,363,700	\$76,000,500
Federal Revenue	12,054,600	19,760,100
Program Revenue	20,400,000	33,440,200
Segregated Revenue	<u>13,909,100</u>	<u>22,800,100</u>
Total	\$92,727,400	\$152,000,900

Details on the component funding amounts included by the Governor in these reserve amounts have not yet been provided by the administration. Typically, amounts within the compensation reserves are funds to pay for such items as: (a) the employer share of increased premium costs in the forthcoming fiscal biennium for state employee health insurance; (b) the costs of any general wage adjustments or negotiated pay increases; (c) increases in the employer share of contributions to the state retirement fund for employees' future state retirement benefits; and (d) pension obligation bond payments for the state's unfunded prior service liability for retirement benefits and the accumulated sick leave conversion credit program.

Joint Finance/Legislature: Increase the compensation reserves by \$32,388,500 GPR in 2013-14 and \$57,056,000 GPR in 2014-15 to reflect the transfer of GPR funding provided for compensation increases for University of Wisconsin (UW) employees to the compensation reserves. Delay until July 1, 2015, the effective date of provisions adopted under 2011 Act 32 related to the creation of personnel systems for UW employees that would be separate from the state personnel system. Delete \$32,388,500 GPR in 2013-14 and \$57,056,000 GPR in 2014-15 appropriated to the UW under the bill and transfer the funding to the compensation reserves to address UW salary and fringe benefit requirements in the 2013-15 biennium. Total compensation reserve amounts are shown in the following table.

<u>Fund Source</u>	<u>2013-14</u>	<u>2014-15</u>
General Purpose Revenue	\$78,752,200	\$133,056,500
Federal Revenue	12,054,600	19,760,100
Program Revenue	20,400,000	33,440,200
Segregated Revenue	<u>13,909,100</u>	<u>22,800,100</u>
Total	\$125,115,900	\$209,056,900

[Act 20 Section: 198]

2. DOA SECRETARY AUTHORITY TO LAPSE MONEYS FROM GPR AND PR APPROPRIATIONS OF SPECIFIED AGENCIES

Governor/Legislature: Prohibit the Secretary of Administration from implementing lapse provisions established in 2011 Act 32 relating to annual lapses to the general fund in the 2013-15 biennium of unencumbered balances of PR appropriations from a list of specified agencies as well as similar lapse provisions relating to GPR and PR appropriations from a separate list of specified agencies. Instead, require the Secretary to lapse to the general fund from the unencumbered balances of GPR and PR appropriations of a new list of specified executive branch state agencies, other than sum sufficient and FED appropriations. Provide that the Secretary could not lapse moneys if the lapse would violate a condition imposed on the expenditure of the moneys by the federal government or the lapse would violate the federal or state constitution. The following table shows the annual lapses by agency under the Act 32 provisions that would no longer apply, as well as the proposed annual lapse amounts by agency under the bill.

The \$38,176,100 annual lapse amounts for 2013-15 are included in the general fund condition statement as "departmental revenues."

<u>Agency</u>	2013-15 Annual Lapses Under Act 32 Provisions -- No Longer Apply Under Bill			2013-15 Annual Lapses Under the Bill
	<u>PR</u>	<u>GPR and PR</u>	<u>Total</u>	<u>GPR and PR</u>
Administration	\$7,041,200	\$236,800	\$7,278,000	\$13,430,900
Aging and Long-Term Care	103,700	15,000	118,700	0
Agriculture, Trade and Consumer Prot.	1,461,100	130,300	1,591,400	1,664,800
Child Abuse and Neglect Prevention	228,400	0	228,400	228,400
Children and Families	578,000	14,200	592,200	592,200
Corrections	765,800	133,400	899,200	1,864,100
District Attorneys	40,800	2,500	43,300	43,300
Educational Communications Board	13,700	0	13,700	85,500
Employment Relations Commission	41,000	0	41,000	0
Financial Institutions	1,417,500	120,000	1,537,500	2,434,400
Government Accountability Board	38,600	1,600	40,200	40,200
Health Services	13,510,200	99,300	13,609,500	0
Historical Society	0	11,900	11,900	11,900
Insurance Commissioner	0	0	0	902,700
Justice	1,984,900	55,400	2,040,300	2,040,300
Military Affairs	569,800	31,700	601,500	0
Natural Resources	2,800,500	207,500	3,008,000	3,008,000
Office of State Employment Relations	692,600	1,100	693,700	0
Public Defender Board	117,800	900	118,700	118,700
Public Instruction	2,359,200	74,000	2,433,200	1,049,300
Public Service Commission	91,200	0	91,200	98,700
Revenue	1,107,800	80,500	1,188,300	1,383,400
Safety and Professional Services	3,252,300	268,500	3,520,800	6,232,000
Secretary of State	50,600	600	51,200	51,200
State Fair Park	0	0	0	6,700
Tourism	3,600	0	3,600	10,400
Transportation	0	14,400	14,400	140,900
Wisconsin Technical College System	57,100	8,000	65,100	65,100
Workforce Development	<u>2,978,800</u>	<u>8,200</u>	<u>2,987,000</u>	<u>2,673,000</u>
Total	\$41,306,200	\$1,515,800	\$42,822,000	\$38,176,100

[Act 20 Section: 9252(1)]

3. DELETE REQUIREMENT FOR DOA SECRETARY TO LAPSE \$174.3 MILLION TO THE GENERAL FUND

Governor/Legislature: Delete a requirement established under 2011 Act 32 that the Secretary of Administration lapse \$174.3 million in the 2013-15 biennium from the unencumbered balances of GPR and PR appropriations to executive branch state agencies, other than sum sufficient and federal appropriations. Under the provisions of Act 32, this requirement for \$174.3 million of lapses applied to each of the 2011-13 and 2013-15 biennia. Before lapsing

any moneys under this provision, the Secretary has to develop a plan for lapsing the moneys and submit the plan to the Joint Committee on Finance for approval under a 14-day passive review process. No lapses could be made: (a) if the lapse would violate a condition imposed by the federal government or the federal or state constitution; and (b) from PR appropriations of the UW System.

The bill would delete the reference to the 2013-15 biennium from the Act 32 provision.

[Act 20 Section: 2365]

4. EXECUTIVE BRANCH AGENCY POSITION REDUCTIONS

	Positions
All Funds	- 450.00

Joint Finance/Legislature: Require the Secretary of Administration to eliminate 450.0 FTE positions in state agencies in the 2013-15 biennium and to submit a report to the Joint Committee on Finance, no later than January 1, 2015, identifying the positions by agency and by the appropriation account from which the positions are funded. Specify that state agency would mean an office, commission, department, independent agency, or board in the executive branch of state government.

[Act 20 Section: 9101(3c)]

5. REQUIRED GENERAL FUND STATUTORY RESERVE

Governor/Legislature: Provide that the required general fund statutory balance would be \$65 million for 2015-16 and 2016-17. Specify that beginning in 2017-18, the required balance would equal 2% of total GPR appropriations plus GPR compensation reserves for each fiscal year.

Under current law, the required balance is \$65 million for 2013-14 and 2014-15 and 2% of total GPR appropriations plus GPR compensation reserves for each fiscal year beginning in 2015-16.

A comparison of current law and the statutory balance requirements under the bill is shown in the following table.

	<u>Current Law</u>	<u>Under the Bill</u>
2013-14	\$65,000,000	\$65,000,000
2014-15	65,000,000	65,000,000
2015-16	2%*	65,000,000
2016-17	2%*	65,000,000
2017-18 and thereafter	2%*	2%*

*The required balance equals 2% of gross GPR appropriations plus GPR compensation reserves in that year. As an example, a 2% calculation for 2014-15 under the bill equals \$311.7 million.

[Act 20 Sections: 195 thru 197]

6. LIMIT ON INTERFUND CASHFLOW BORROWING [LFB Paper 157]

Governor: Increase the limit on interfund borrowing to support the general fund's cashflow by four percentage points, from 8% of GPR appropriations in a fiscal year to 12% of GPR appropriations for that year.

Under current law, beginning in 2013-14, the Secretary of DOA is authorized to temporarily reallocate to the general fund an amount equal to 5% of total GPR appropriations in order to support the general fund's cashflow (approximately \$739 million in 2013-14 and \$763 million in 2014-15), from available balances in the state investment fund. This limit would be increased to 9% under the bill. In addition, under current law, the Secretary may permit a further 3% to be used for temporary reallocations to the general fund for a period not to exceed 30 days, which cannot be made for consecutive periods (approximately \$443 million in 2013-14 and \$458 million in 2014-15). In total, under current law, 8% of GPR appropriations (\$1,182 million in 2013-14 and \$1,221 million in 2014-15) may be allocated to the general fund on a temporary basis. Under the Governor's recommendation these aggregate limits would be \$1,773 million in 2013-14 and \$1,831 million in 2014-15. The following table compares the limits under the Governor's recommendation with current law. For funds other than the general fund, up to \$400 million can be reallocated between the general fund, certain segregated funds, and the local government investment pool. Funds that borrow money through temporary reallocations are charged interest at the earnings rate of the state investment fund. In the 2011-13 biennium, the 5% threshold described above was increased to be 9% through June 30, 2013.

Limits on Temporary Reallocations to Support the General Fund's Cashflow
(\$ in Millions)

<u>Limit</u>	<u>Current Law</u>		<u>Limit</u>	<u>Governor</u>	
	<u>2013-14</u>	<u>2014-15</u>		<u>2013-14</u>	<u>2014-15</u>
5%	\$739	\$763	9%	\$1,330	\$1,373
3% (30-day limit)	<u>443</u>	<u>458</u>	3% (30-day limit)	<u>443</u>	<u>458</u>
Total	\$1,182	\$1,221	Total	\$1,773	\$1,831

Joint Finance/Legislature: Specify that the increase of four percentage points (from 5% to 9% of GPR appropriations) to the limit on interfund cashflow borrowing would only apply to the 2013-15 biennium. The additional 3% (30-day limit) authority would continue to apply as under current law, so that the total limit would be 12% in the 2013-15 biennium.

[Act 20 Section: 194b]

7. BUDGET STABILIZATION FUND

Joint Finance/Legislature: Specify that moneys in the budget stabilization fund are reserved to provide state revenue stability during periods of below-normal economic activity when actual state revenues are lower than estimated revenues.

[Act 20 Section: 531]

8. GENERAL FUND STRUCTURAL BALANCE

Assembly/Legislature: Provide that s. 20.003(4m) of the statutes, which requires that no bill may be passed by the Legislature if estimated general fund expenditures exceed estimated revenues in the second year of any fiscal biennium, would not apply to the 2013-15 budget bill.

[Act 20 Section: 9127(3e)]

BUILDING COMMISSION

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$78,590,800	\$94,183,000	\$94,183,000	\$94,183,000	\$94,183,000	\$15,592,200	19.8%
PR	2,284,200	7,399,500	7,399,500	7,399,500	7,399,500	5,115,300	223.9
SEG	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>2,048,400</u>	<u>0</u>	0.0
TOTAL	\$82,923,400	\$103,630,900	\$103,630,900	\$103,630,900	\$103,630,900	\$20,707,500	25.0%

FTE Position Summary
There are no full time positions authorized for the Building Commission

Budget Change Items

1. DEBT SERVICE REESTIMATE [LFB Paper 164]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
Opening Balance	\$0	\$10,824,600	\$10,824,600
GPR-Earned	\$0	\$7,250,000	\$7,250,000
GPR-Lapse	<u>0</u>	<u>15,364,900</u>	<u>15,364,900</u>
Net Change to GPR Balance	\$0	\$33,439,500	\$33,439,500
GPR	\$15,592,200	\$0	\$15,592,200
PR	<u>5,115,300</u>	<u>0</u>	<u>5,115,300</u>
Total	\$20,707,500	\$0	\$20,707,500

Governor: Increase funding by \$25,100 GPR in 2013-14 and \$15,567,100 GPR in 2014-15 to reflect the reestimate of GPR debt service costs on state general obligation bonds and commercial paper debt issued for the following purposes. Increase funding by \$1,458,100 PR in 2013-14 and \$3,657,200 PR in 2014-15 for debt service on PR-funded bonds.

	2012-13 Base <u>Level Funding</u>	Current Law <u>Debt Service Changes</u>	
		<u>2013-14</u>	<u>2014-15</u>
GPR Debt Service Appropriation			
Capitol and Executive Residence	\$13,631,700	\$1,294,900	\$1,270,100
Amounts Not Initially Allocated to Agencies	20,992,600	-876,400	15,091,500
Other Public Purposes	5,315,400	-395,900	-853,900
AIDS Network, Inc.	23,400	1,100	1,100
Grand Opera House in Oshkosh	38,800	-6,500	-3,700
Bradley Center Sports and Entertainment Corp.	337,900	47,700	50,800
AIDS Resource Center of Wisconsin, Inc.	62,300	3,000	3,000
Madison's Children Museum	19,500	900	900
Myrick Hixon EcoPark, Inc.	41,100	400	400
Marshfield Clinic	125,000	-125,000	-125,000
Lac du Flambeau Indian Tribal Cultural Center	0	10,100	20,100
HR Academy Youth Center	120,000	20,100	19,000
Hmong Cultural Centers	22,000	400	200
Swiss Cultural Center	0	22,100	22,100
Children's Research Institute	1,029,800	11,600	55,600
Milwaukee Police Youth Activity Center	98,900	5,400	3,700
Civil War Exhibit at Kenosha Museum	43,800	500	500
Bond Health Center	<u>12,500</u>	<u>10,700</u>	<u>10,700</u>
Total GPR	\$41,914,700	\$25,100	\$15,567,100
PR Debt Service Appropriation			
Energy Conservation Projects	\$879,800	\$1,457,800	\$3,656,400
Aquaculture Demonstration Facility	<u>262,300</u>	<u>300</u>	<u>800</u>
Total PR	\$1,142,100	\$1,458,100	\$3,657,200

Joint Finance/Legislature: Reduce GPR debt service amounts as follows: (a) \$460,300 GPR-Lapse in 2013-14 and \$14,904,600 GPR-Lapse in 2014-15 due to changes to the interest rate assumptions on short-term commercial paper and long-term obligations in the biennium and changes to the issuance assumption on currently authorized bonds; and (b) -\$625,000 GPR in 2013-14 and -\$5,262,100 GPR in 2014-15 due to the misallocation of debt service under the bill between a general fund debt service appropriation and a segregated, transportation fund debt service appropriation (the fiscal effect of (b) is shown under the Department of Transportation).

In addition, increase revenues by \$7,250,000 GPR-Earned in 2013-14 associated with ending the Badger Tobacco Asset Securitization Corporation (BTASC), which was established in 2002 and carried out the state's tobacco securitization transaction. Also, reestimate GPR debt service payments by -\$10,824,600 GPR in 2012-13, which would increase the opening balance by \$10,824,600.

2. GENERAL OBLIGATION BONDING REFUNDING AUTHORITY [LFB Paper 165]

Governor: Increase the bonding authorization for refunding of any outstanding tax-supported or self-amortizing state general obligation debt by \$2,010,000,000, from its current level of \$1,775,000,000 to \$3,785,000,000. These bonds could only be issued if the debt refinancing meets the current law requirement that the true interest costs to the state must be reduced.

These economic refunding bonds would be used to refinance the state's outstanding debt in order to take advantage of lower financing rates. These bonds could not be used to carry out a structural refunding similar to those carried out in recent years. Under those debt restructuring actions, the state issued refunding bonds and used the proceeds on those bonds to make payments on current year principal due on its general obligation debt. This action increased the average life of the debt refunded, and because the debt was outstanding longer, the state incurred higher interest costs.

Joint Finance/Legislature: Specify that the refunding bonding could only be issued if the annual principal payment costs on the refunding bonds do not exceed the annual principal payment costs on the bonds that would be refunded in any year. This limitation would be in addition to the current requirement that true interest costs be reduced.

Veto by Governor [E-36]: Delete Joint Finance provision.

[Act 20 Section: 489]

[Act 20 Vetoed Section: 489]

3. ASSIGN DOLLAR VALUE TO OTHER FACTORS IN AWARDING CONSTRUCTION CONTRACTS

Governor/Legislature: Provide that if factors other than dollar amounts are required to be evaluated for a project, DOA would be required to specify a formula that would convert the other factors into a dollar value for comparison in the lowest bidder evaluation process for construction projects, with certain limited exceptions, with an estimated construction cost that exceeds \$50,000. This provision would first apply to bids and proposals that are solicited on January 1, 2014.

Under current law, with certain limited exceptions, DOA is required to contract with the lowest qualified responsible bidder for all construction work when the estimated construction cost of the project exceeds \$50,000.

[Act 20 Sections: 139, 9301(1), and 9401(1)]

4. REQUIRED INFORMATION IN ADVERTISEMENTS FOR CONSTRUCTION PROPOSALS

Governor/Legislature: Provide that when a solicitation of bids is required for a state construction project, require DOA to include in the bid advertisement: (a) an indication of when the plans for the project will be available; and (b) an indication that the Department could consider only bids from persons who are responsible bidders and, unless it waives the requirement due to the magnitude of the project, qualified bidders. This provision would first apply to bids and proposals that are solicited on January 1, 2014.

Under current law, DOA must advertise for projects exceeding \$50,000, and the

advertisement must include: (a) the location of work and name of the owner; (b) scope of the work; (c) amount of required bid guarantee; (d) date, time, and place of bid opening; and (e) date and place where plans will be available.

[Act 20 Sections: 141, 142, 9301(1), and 9401(1)]

5. MODIFY DOA RETAINAGE PROVISIONS RELATING TO CONSTRUCTION PROJECTS

Governor/Legislature: Specify that the Department of Administration, rather than an architect or engineer, as allowed under current law, would make the determination as to whether a job is proceeding satisfactorily for the purposes retaining amounts from a contractor on a construction project. Require that upon substantial completion of a project, DOA pay any amount retained to the contractor, less the value of any required corrective work or uncompleted work. Under current law, DOA is authorized to pay an amount retained to the contractor upon substantial completion of a project. This provision would first apply to bids and proposals that are solicited on January 1, 2014.

[Act 20 Sections: 154, 9301(1), and 9401(1)]

6. DOA CERTIFICATION OF QUALIFIED AND RESPONSIBLE BIDDERS [LFB Paper 166]

Governor: Require DOA to certify bidders as qualified bidders and responsible bidders and administer a registration process for all bidders submitting bids on any construction project. Specify that bidders would include potential bidders on a construction project. Require the Department to issue, in a timely manner, a certification decision on a complete application for certification. Allow the Department to waive the condition of certification as a qualified bidder if the project is of such magnitude as to limit competition if the conditions of certification were required. Specify that qualified bidder or responsible bidder certification would be valid for two years, except that DOA would be allowed to decertify a qualified bidder if the Department determines that the bidder no longer meets the qualifications and if the Department follows a decertification process developed by rule that provides to the bidder notice, a hearing, and a means to appeal.

Define the following terms relating to certification of qualified and responsible bidders:

- a. a "qualified bidder" would mean a person that the Department certifies as qualified;
- b. a "qualified responsible bidder" would mean a person who is a certified as a qualified bidder and a responsible bidder;
- c. a "responsible bidder" would mean a person that the Department certifies as responsible; and
- d. a "mechanical, electrical, or plumbing subcontractor" would mean a contractor that

performs mechanical, electrical, plumbing, or fire protection work and enters into a contract with a general prime contractor to perform their division of work.

Require that in order to be certified as a qualified bidder, a bidder must have completed at least one project that involved similar work to the work being bid and the project was at least 50% of the size or value of the division of the project being bid. If DOA determines that more experience is necessary for a particular project, the Department could include additional requirements in the specifications and certify bidders accordingly. Specify that current authority for DOA to require sworn statements as to financial ability, equipment, and experience would apply if DOA requires or the bidder would be considered unqualified. A qualified bidder would also be required to have access to all necessary equipment and the organizational capacity and technical competence necessary to perform the project work properly and expeditiously.

Require that in order to be certified as a responsible bidder, a bidder meet all of the following conditions:

- a. maintain a permanent place of business;
- b. submit a sworn statement, upon the Department's request, that indicates that the bidder has adequate financial resources to complete the work being bid, taking into account any other work the bidder is currently under contract to complete;
- c. be bondable for the term of the proposed contract;
- d. have a record of satisfactorily completing projects, as determined by DOA, after considering if the bidder has completed the following: (1) all contracts in accordance with drawings and specifications; (2) diligently pursued execution of the work and completed contracts according to the time schedule, taking account of extensions granted; (3) fulfilled guarantee requirements of contracts; (4) if the contract included an affirmative action program requirement, complied with the requirement; and (5) if the contract included a safety program requirement, complied with the requirement;
- e. is not on an ineligible list that the Department maintains relative to violation of state contractual services law and requirements for nondiscriminatory contracting, or on a list that another agency maintains for persons who violated construction-related statutes or administrative rules.
- f. has been in business for at least twelve months;
- g. is a legal entity and authorized to do business in Wisconsin;
- h. has performed at least one other public project for a government entity;
- i. can provide information, upon request, to the Department on the bidder's ownership, management, and control;
- j. in any jurisdiction, in the previous ten years, has not been debarred from any government contracts and has not been found to have committed tax avoidance or evasion; and

k. in any jurisdiction, in the previous 10 years, has not been disciplined under a professional license and none of the bidder's employees and no member of the bidder's organization has been disciplined under a professional license.

Require DOA to consider associations consisting of at least two contracting firms that are organized for the purpose of entering into a construction contract as a single entity for certification as a qualified or responsible bidder if at least one of the contracting firms is certified as a qualified bidder and if the assignment of, and provisions for the continuity of, the various responsibilities within the association are agreed upon before the contract is awarded.

Modify the requirement relating to bids from minority-owned business or a disabled veteran-owned business by specifying that before DOA could award a contract to such a business that is up to 5% higher than the apparent low bid, as allowed under current law, such a business would have to meet the qualifications of a qualified responsible bidder. Under current law, such a business must submit a qualified, responsible bid.

These provisions would first apply to bids and proposals that are solicited on January 1, 2014.

Joint Finance/Legislature: Modify the requirements a bidder would be required to meet in order to be certified as a responsible bidder: (a) specify that the bidder would have to obtain a separate 100% performance bond and a separate 100% payment bond; and (b) specify that the bill provision relating to any disciplinary action relative to a professional license held by the bidder's employees or members of the bidder's organization would refer to a professional license currently in use.

[Act 20 Sections: 140, 143 thru 145, 9301(1), and 9401(1)]

7. SINGLE PRIME CONTRACTING [LFB Paper 166]

Governor: Create a single prime contracting bidding and contracting process for state construction projects in excess of \$185,000 under which only a general prime contractor has a contractual relationship with the state on a project and the Department of Administration (DOA) would select all mechanical, electrical, or plumbing subcontractors and those subcontractors would be subcontractors to the general prime contractor. Require DOA to let all construction projects in excess of \$185,000 through single prime contracting except for projects for which the Building Commission waives the bidding process under its authority to use alternatives to state construction.

Delete the current law provision that, with limited exceptions, requires the Department to take both single bids and separate bids on any division of the work that it designates for construction projects in excess of \$185,000. Also, for projects less than \$185,000 delete the current law provision that allows DOA to take single bids or separate bids on any division of the work that it designates. Further, delete the requirement that if DOA awards any contracts by division of work, the contract must be awarded according to the division of work selected for bidding.

Single Prime Contract Requirements. Specify that if a bid is being let through single prime contracting, bidders for the general prime contractor who are responsible qualified bidders must submit their bids to the DOA no later than seven days after the successful subcontractor bids for the project become available to the public. DOA would be required to reject any general prime contractor bid from a bidder who submits a bid for a project that includes subcontractors other than the ones selected by Department for the project. Specify that the award of a contract could not be finalized until DOA approves the required performance bond and certificate of insurance.

Require DOA to notify the successful bidder of its selection within 30 days after the general prime contract bid submission deadline. Specify that the Department would be required to award all single prime contracts to the lowest bidder who is a qualified responsible bidder that results in the lowest total construction cost for the project, except for bids involving minority- or disabled veteran-owned businesses. Require DOA to make the final general prime contract bid results available on its Internet site at the time it provides the written, official notice to the successful general prime contractor bidder that the contract is fully executed and that the contractor is authorized to begin work on the project. Specify that the contractor who is awarded the contract would have to enter into contracts with the mechanical, electrical, or plumbing subcontractors selected by DOA for the project and comply with requirements of the standard general prime contract developed by the Department.

Require the Department to develop a standard contract for a general prime contractor that could not be amended by the contractor or subcontractor and specify that the contract would have to include all of the following:

- a. a requirement that all subcontractors selected by the Department for the project provide a 100% performance bond and a 100 % payment bond to the benefit of the general prime contractor as the only obligee;
- b. a delineation of the responsibilities, insurance requirements, indemnification obligations, claims processes, and termination rights and protections of all subcontractors selected for the project.
- c. a requirement that the general prime contractor is subject to interest on any late payments to subcontractors, at a statutory rate of 12% per year.
- d. a schedule for payment from the general prime contractor to a subcontractor that is consistent with statutory retainage requirements for such contractual relationships on state construction projects.

Require DOA when developing this standard contract for general prime contractors to provide public notice of its development, review written comments, and hold at least one public hearing that allows for testimony. Also, require that the Building Commission approve the standard contract before the Department would be allowed to use the contract.

Selection of Subcontractors on Single Prime Contractor Construction Projects. Repeal the current law provision that requires prime contractors to: (a) at DOA's request, submit in writing the names of prospective subcontractors for the DOA's approval before awarding a contract to

the prime contractor; (b) that all subcontractors be approved in writing by the DOA prior to their employment, and requests to change subcontractors must be made in writing; and (c) that changes may be made to the list of subcontractors with the agreement of the Department and the prime contractor when it is in the best interest of the state to require the change.

Instead, require DOA, for any project let under single prime contracting, to identify the necessary mechanical, electrical, or plumbing subcontractors who are qualified responsible bidders and require any general prime contractor submitting a bid on the project to include the selected subcontractors. For purposes of selecting subcontractors for a specific project, require DOA to develop and administer an open and public bidding process and follow the statutory requirements and procedures relating to soliciting bids for construction projects. Require DOA, within 48 hours of a contractor's bid submission, to make available on its Internet site the names of the bidders and the amount of the bid. No more than seven days after the deadline for bid submission of a project, require the Department to provide public notice of the lowest bidders who are qualified responsible bidders. The Department would also be required to make available on its Internet site the bids, including the bid documents, of the identified lowest bidders and make those bids and bid documents open to public inspection. Specify that no other bids for subcontracting work could be on the Internet site or open to public inspection.

Retainage by General Prime Contractor. As the work progresses under any subcontract for construction of a project, require that the general prime contractor, upon request of a subcontractor, pay to the subcontractor an amount equal to the proportionate value of the subcontractor's work done, less retainage. Specify that the retainage could be an amount equal to not more than 5% of the subcontractor's work completed until 50% of the subcontractor's work has been completed. At 50% completion, no additional amounts could be retained, and partial payments would have to be made in full to the subcontractor unless DOA would certify that the subcontractor's work is not proceeding satisfactorily. Specify that at 50% completion, or any time thereafter, when the progress of the subcontractor's work is not satisfactory, additional amounts could be retained but the total retainage could not be more than 10% of the value of the work completed. Upon substantial completion of the subcontractor's work, any retained amount would have to be paid to the subcontractor, less the value of any required corrective work or uncompleted work. Require that all such payments the general prime contractor makes be made within seven calendar days after the date on which the general prime contractor receives payment from the Department for the work performed.

State Not Liable for Damage for Contractor Delay. Modify a current law provision that specifies that the state is not liable to a prime contractor from delay caused by another prime contractor if DOA takes reasonable action to require the delaying prime contractor to comply with its contract, to delete the word "prime" and instead refer to contractors.

Building Commission Waiver Authority. Under current law, if the Building Commission determines that it is in the best interest of the state to use an alternative process to construct a state construction project, the Commission has authority to waive the statutory requirements relating state construction project contracts. Specify that the Commission's authority relating to alternatives to state construction would not include the authority to waive: (a) the requirements relating to DOA's development of a standard general prime contract; or (b) the requirements

relating to subcontractor bids on single prime contracts.

Effective Dates and Initial Applicability. Specify that these provisions would take effect on January 1, 2014, and the provisions would first to apply to bids and proposals solicited on that effective date. However, the provisions requiring the Department to develop a standard general prime contract, publicly notice the process for development of the contract, receive comments, take testimony, and obtain Building Commission approval would not have a specified effective date or initial applicability date, and would take effect on the general effective date of the bill.

Joint Finance: Make the following modifications to the Governor's recommendations relating to single prime contracting:

a. Specify the DOA would be prohibited from requesting or accepting any bid alternates when letting a construction project through single prime contracting.

b. Specify that the state would not be liable for any damages to a subcontractor identified by the Department that enters into a contract with a general prime contractor.

c. Specify that if a bid is let using the single prime contracting process under the bill, bidders for the general prime contractor who are responsible bidders would be required to submit their bids within five, rather than seven, days after the successful subcontractor bids are made available to the public.

d. Require that within 48 hours after the general prime contractor bid deadline for a project, DOA would have to make all bid tabulations that identify the names of the general contractors who bid and their bid amounts publicly available on the Department's internet site. Require that in the event the bid tabulations are unavailable on the Department's internet site, they would be available at the Department's offices.

e. Specify that within 30 days after the deadline for single prime contractors, DOA would be required to notify the general prime contract bidder that was awarded the single prime contract.

f. Modify the term "work done" to be "work properly completed" for the purposes of payment and retainage relating to general prime contracts.

g. Require DOA identify, rather than select, the mechanical, electrical, and plumbing contractors who have submitted the lowest bids for a project, and that any general prime contractor who is submitting a bid would have to include the subcontractors identified by DOA.

h. Require the general prime contractor to ensure any contract entered into with a subcontractor meet the prompt payment, insurance and bonds, indemnification, retainage, and other requirements specified for such contracts.

i. Specify that if a contract is being carried out under the Building Commission's authority to use alternatives to the state's design and construction process, DOA would be required to identify the mechanical, electrical, and plumbing contractors who have submitted the lowest bids and are qualified responsible bidders for the project. Require that any contractor

selected by the state and awarded the contract under the alternative construction process would have to contract with the subcontractors identified by DOA as the lowest responsible bidders for the mechanical, electrical, or plumbing work on the project. Specify that the requirements for posting the list of lowest responsible subcontractors for a project, their bids and bid documents on the DOA's internet site under the bill, as modified by this errata, would apply to contracts for projects carried out under the Commission's alternative to state construction process.

j. Modify the requirements under the bill relating to posting of subcontractor bids on DOA's internet site as follows: (1) the 48 hour requirement for making the names of bidders and the bids available on the Department's internet site would apply to the bid submission deadline rather than to the time of the bid submission; (2) specify that DOA would have to post on its internet site notice of the lowest bidders who are qualified responsible bidders within five, rather than seven, days after the bid submission deadline; and (3) specify that the lowest bidders and bid documents would be open to public inspection in accordance with the open access to state records statutes.

k. Specify that if the Building Commission approves an alternative delivery method under its alternatives to state construction authority, a contractor would be subject to the contracting requirements when working with subcontractors except for those having to do with the project schedule.

l. Delete the provision under the bill that DOA, when developing a standard contract for general prime contractors, would be required to provide public notice of its development, review written comments, and hold at least one public hearing that allows for testimony. Delete the proposed requirement that the Building Commission approve the standard contract before the Department would be allowed to use the contract.

m. Delete the bill provisions that would require DOA to develop a standard contract for a general prime contractor that could not be amended by the contractor or subcontractor and the specific provisions the standard contract would have to include.

n. Require that any contract entered into between a general prime contractor and a subcontractor contain all four of the following clauses:

Prompt Payment. Require the general prime contractor to pay the subcontractors in accordance with provisions in the relating to retainage for work that has been satisfactorily completed and properly invoiced by the subcontractor. Specify that the payment is timely if it is mailed, delivered or transferred to the subcontractor by the required retainage deadline. If the subcontractor is not paid by the deadline set forth in this subcontract, require the general prime contractor to pay interest on any balance due from the eighth day after the contractor receives payment from DOA for any work for which payment is due and owing to subcontractor, at the rate of 12% per year compounded monthly. Specify that any subcontractor receiving payment on a contract would be required to pay lower-tier subcontractors, and be liable for interest on late payments, in the same manner that the general prime contractor would be required to pay a subcontractor.

Insurance and Bonds. Prohibit a subcontractor from commencing work under a contract

until it has obtained all necessary insurance required of the subcontractor in the general prime contractor's contract with DOA. Require the subcontractor to provide a separate 100% performance bond and a separate 100% payment bond to the benefit of the general prime contractor as the sole named obligee. Require original bonds to be given to the general prime contractor and a copy to DOA no later than 10 days after execution of the subcontract.

Indemnification. Require that to the fullest extent permitted by law, a subcontractor would defend, indemnify, and hold harmless a general prime contractor, and its officers, directors, agents, and any others whom the contractor would be required to indemnify under its contract with DOA, including the employees of any of those required to be indemnified. Specify that the indemnification would involve defending and holding harmless from and against claims, damages, fines, penalties, losses and expenses, including but not limited to attorneys' fees, arising in any way out of, or resulting from, the performance of the work under this agreement. However, the indemnification requirement would only be to the extent such claim, damage, fine, penalty, loss or expense: (a) is attributed to bodily injury, sickness, disease or death, or to injury to or destruction of property, including but not limited to loss of use resulting therefrom and is caused by the negligence of or acts or omissions of subcontractor, or any of its sub-subcontractors, any of their employees and any directly or indirectly employed by them or anyone for whose acts they may be liable; or (b) as related to such claims, damages, fines, penalties, losses and expense of or against the general prime contractor, results from or arises out of general prime contractor's negligence or other fault in providing general supervision or oversight of subcontractor's work; or (c) as related to such claims, damages, fines, penalties, losses and expense against DOA, arises out of DOA's status as owner of the project or project site.

In addition, require the subcontractor to defend, indemnify, and hold harmless the general prime contractor and its officers, directors, agents, and any others whom general prime contractor would have to indemnify under its contract with DOA and the employees of any of them, from any liability, including liability resulting from a violation of any applicable safe place act, that the general prime contractor or the state incurs to: (a) any employee of the subcontractor; or (b) any third party where the liability arises from a derivative claim from said employee, when such liability arises out of the general prime contractor's failure to supervise the subcontractor's work or work area. Specify that the subcontractor's liability would only be to the extent that such liability arises out of the acts or omissions of the subcontractor, its employees, or anyone for whom subcontractor may be liable.

The subcontractor's liability could also arise out of following: (a) a subcontractor's breach of its contractual responsibilities; (b) the general prime contractor's negligence or other fault in providing general supervision or oversight of subcontractor's work; and (c) DOA's status as owner of the project or project site. In claims against general prime contractor or the state by an employee of the subcontractor or its subcontractors or anyone for whose acts the subcontractor may be liable, the indemnification obligation would not be limited by a limitation on the amount or type of damage, compensation, or other benefits payable by or for the subcontractor or its subcontractors under Workers' Compensation Act.

Except for those identified, the obligations of subcontractor under these indemnification

requirements would not extend to the liability of general prime contractor and its agents or employees thereof arising out of: (a) preparation or approval of maps, drawings, opinions, reports, surveys, change orders, designs or specifications; (b) the giving of or failure to give directions or instructions by the general prime contractor, DOA, or their agents or employees thereof provided such giving or failure to give is the cause of the injury or damage; or (c) the acts or omissions of other subcontractors.

Retainage. Specify that retainage would occur and be in amounts and on a schedule equal to that in the general prime contractor's contract with DOA.

Other Requirements. Require that any subcontract entered into between a general prime contractor and subcontractor would have to include a scope of work clause that is identical to that on which the subcontractor bid. Prohibit a general prime contractor and subcontractor from entering into any other agreements in connection with bids submitted that would somehow alter or affect the scope or price of the contract or subcontract except for: (a) any change orders by DOA that result in changes to the plans or specifications; or (b) any back charges allowed by the subcontract.

Require the general prime contractor to base its project schedule on the schedule in the specifications or bid instructions unless otherwise agreed to by the mechanical, electrical, or plumbing subcontractor.

Assembly/Legislature: Modify the provisions relating to the state not being liable for damages to subcontractor that enters into a contract with the general prime contractor to specify that the state would not be liable except as otherwise provided by law.

[Act 20 Sections: 21, 140, 146 thru 153, 155, 9301(1), and 9401(1)]

8. AUTHORITY TO SELL OR LEASE STATE PROPERTIES [LFB Papers 160 thru 164]

Governor: Authorize the Building Commission to sell or lease real property with or without the approval of the agency having jurisdiction over the property and regardless if the property is included on an inventory of state real property and values that would be required to be compiled by the Department of Administration (DOA). Delete the current law provision that prohibits the Commission from selling or leasing real property that other state agencies have statutory authority to sell or lease. Specify that if any agency can sell or lease real property under any other law, with certain exceptions noted below, the authority of that agency would no longer apply after the Commission notifies the agency in writing that an offer of sale, sale, or lease agreement is pending with respect to that property. Specify that if the sale or lease of that property is not completed and no further action is pending with respect to the property, the authority of the agency to sell or lease the property would be restored. Authorize the Commission to attach such conditions to the sale or lease of any property as it finds necessary or appropriate to carry out the sale or lease in the best interest of the state.

Under current law, the Building Commission has general authority to sell or lease state

property, except: (a) property for which DOA has notified the Commission that a sale, or offer for sale is pending; or (b) property for which the authority for sale is provided by law to other agencies. In addition, the Commission also has more limited authority relating to the sale of surplus land, defined as land under the jurisdiction of the Commission and allocated for use by an agency, but unused and not needed for the agency's operations or included in the agency's plan for construction or development.

Definition of State Agency. Agency would defined as an office, department, independent agency, institution of higher education, association, society, or other body in state government created or authorized to be created by the Constitution or any law, that is entitled to expend moneys appropriated by law, including the Legislature and the Courts, but would exclude state authorities. An agency would include the UW System Board of Regents, which is excluded from the definition for property sale purposes under current law. The Commission would have authority to sell or lease the real property of any agency that meets this definition, except with specific exceptions for certain property noted below.

Sale by Public Bid or Negotiated Prices. Provide that the Commission could sell property on the basis of either public bids, or on the basis of negotiated prices as determined through a competitive or transparent process. Under current law, the Commission may sell or lease state-owned real property on the basis of either public bids, or negotiated prices.

Limitations on Commission Authority. Specify that the Commission could not sell or lease any real property if the sale or lease of that property is prohibited under the state or federal constitution, federal law, or the sale is conducted as part of a procedure to enforce an obligation of the state. Prohibit the Commission from selling or leasing the following property:

- a. property that is subject to sale by the Department of Military Affairs that was acquired or erected for state military purposes, but is no longer useful to the national guard or is for the purposes of a company-sized unit;
- b. property under the jurisdiction of the Board of Commissioners of Public Lands;
- c. property under the jurisdiction of the Department of Natural Resources, except central or district office facilities;
- d. property acquired with state forestry tax revenues;
- e. property that is conveyed by the Department of Corrections related to the construction of a sanitary sewer system in the area adjacent to the Taycheedah Correctional Institution;
- f. any personal property turned over to the state treasurer as an escheat;
- g. land that is not a part of the Kickapoo valley reserve that is sold or traded by the Kickapoo Reserve Management Board;
- h. real property that is adjacent to the veterans memorial site located at the Highground in Clark County that is donated by the Department of Transportation;

- i. property subject to sale by the Department of Veteran Affairs relating to its mortgage loan program; and
- j. property sold by DOA under the federal resource acquisition program.

Transfer of Related Systems or Fixtures and Right of First Refusal. Provide that if the Commission sells or leases any real property under the jurisdiction of an agency, prior to the sale or lease, the agency would be required to convey all systems, fixtures or additional property interests to specified by the Commission to the purchaser or lessee on the terms specified by the Commission. Specify that for any property proposed to be sold by the Building Commission that is co-owned by a non-state entity, the Commission would be required to afford the entity the right of first refusal to purchase the share of the property owned by the state on reasonable terms established by the Commission. Specify that if the Building Commission sells or leases a state-owned heating, cooling, or power plant that is under the jurisdiction of a state agency, the agency would be required to convey all real and personal property associated with the plant to the purchaser or lessee on terms specified by the Commission.

Use of Proceeds from the Sale or Lease of Property. Delete the current law requirement that the Commission deposit the net proceeds from the sale or lease of state-owned properties in the budget stabilization fund. Instead, in addition to the current law requirement of retiring any outstanding principal, interest, or premium due on debt used to finance the acquisition, construction, or improvement of the property, the Building Commission would be required to do the following with the net proceeds: (a) if outstanding public debt on the property exists, provide a sufficient amount for the costs of maintaining federal tax law compliance applicable to that debt; (b) if the property was acquired, constructed, or improved with federal financial assistance, repay the federal government as required by federal law; (c) if the property was acquired by gift or grant, or with gift or grant funds, adhere to any restriction regarding the use of the proceeds; and (d) with limited exceptions, use the remaining proceeds to pay principal and interest on other outstanding public debt.

Specify that for the purpose of paying principal and interest costs on other outstanding public debt, the Building Commission could cause outstanding bonds to be called for redemption on, or following, their optional redemption date, establish one or more escrow accounts to redeem bonds on their optional redemption date, or purchase bonds in the open market. Require the Commission, to the extent practical, to consider all of the following in determining which public debt to redeem: (a) to the extent the debt service on the property being sold or leased was paid from a segregated fund, other outstanding debt related to that fund should be redeemed; (b) the extent to which general obligation debt was issued to acquire, build, or improve the property is subject to current optional redemption, would require the establishment of an escrow, or could be assigned for accounting purposes to a statutory bond purpose; (c) the fiscal benefit of redeeming outstanding debt with higher interest costs; and (d) the costs of maintaining federal tax law compliance in the selection of general obligation debt to be redeemed.

Authorize the Building Commission to use the net proceeds from sale or lease of state facilities to retire outstanding revenue obligation bonds if such bonds were used to finance the acquisition, construction, or improvement of the property sold or leased.

Specify that the provisions related to the use of net bond proceeds would not apply to the sale of a state office building located at 3319 West Beltline Highway in Dane County (Educational Communications Board public broadcasting building). The current law requirement that the Building Commission ensure that the transferee pay \$476,228 from the proceeds of the sale to the Wisconsin Public Broadcasting Foundation, if the foundation exists at the time of the transfer, would continue to apply. In addition, specify that the provisions regarding the use of net bond proceeds would not apply to: (a) the sale assets or real property of the Northern Center for the Developmentally Disabled; and (b) disposition of interests in lands and property previously acquired and held in trust for the state for freeway development for the purpose of reimbursing federal and local governments for expenses incurred by them for such acquisition.

Other Provisions. Specify that the Commission could transfer real property under its jurisdiction among agencies, rather than just land, as allowed under current law. Delete various references to the Commission's authority to sell or lease state-owned buildings, structures or land, including farmland, and instead refer to the Commission's authority to sell or lease state-owned real property. Specify that that the Commission's current law authority to lease or resell lands acquired in the Capitol planning area for public or private development would not apply to lands sold or leased by DOA while an offer of sale, a sale, or a lease agreement is pending or while those lands are leased.

Delete Current Law Sale of Surplus Lands Provisions. Repeal the current law provisions relating to the sale of surplus lands, which require each agency with surplus land to biennially submit to the Building Commission and the Joint Finance Committee an inventory containing the location, description and fair market value of each parcel of surplus land. Delete the current law provision that defines surplus land as land under the jurisdiction of the Building Commission and allocated for use by an agency, but unused and not needed for the agency's operations or included in the agency's plan for construction or development. Also, delete the requirement that the Commission annually submit an inventory of surplus land containing the following information for each parcel to the Joint Finance Committee: (a) the location, description and fair market value; (b) whether the Commission intends to sell or transfer the use of the parcel from one agency to another agency; and (c) if the Commission intends to transfer use of the parcel from one agency to another agency, whether transfer of the parcel is critical or desirable. Finally, delete the requirement that the Commission notify the Joint Finance Committee in writing if the Commission proposes to sell or transfer a parcel of surplus land having a fair market value of at least \$20,000, and the Committee's authority to approve the sale under its 14-day passive review process. Delete the current requirement that any net proceeds from the sale of surplus land be deposited in the budget stabilization fund.

Applicability of Property Sale and Lease Provisions. Specify that the following current law references to the sale and lease of state property would be subject to the proposed provisions related to the sale or lease, or contracting for the operation of, state-owned real property:

a. The Building Commission's authority to lease state facility space to other governmental bodies, for commercial purposes, or to nonprofit organizations organized for a public purposes and to approve the sale of state-owned residence halls by the UW System Board

of Regents to another state agency or a nonprofit agency;

b. The Fox River Navigational System Authority's administration, repair and rehabilitation program which receives all monies from the sale of surplus lands, as allowed under 2005 Wisconsin Act 25, for the Fox River Lock System;

c. The powers and duties of the State of Wisconsin Investment Board relative to managing, operating, leasing, selling, or conveying land;

d. The UW System Board of Regents powers necessary or convenient for the operation of the system, as well as more specific powers related to the custody and management of property, and the authority to sell or lease state-owned residence halls with the approval of the Building Commission to another state agency or nonprofit an alternate use;

e. The UW System Board of Regents authority to enter into a lease agreement with the University of Wisconsin Hospitals and Clinics Authority;

f. The UW System Board of Regents authority to sell or lease agricultural lands at UW-Madison;

g. The authority of the Department of Tourism to purchase excess or surplus property from the DOA or the Department of Tourism;

h. The Kickapoo Valley Reserve Board's authority to lease land that is part of the reserve to any purpose consistent with the management of the reserve and for agricultural purposes and to lease land that is acquired by the Board for any lawful purpose;

i. The Historical Society's authority to sell any real estate acquired by gift, bequest, foreclosure, or other means;

j. The Department of Veteran Affairs power to sell and to convey title in fee simple to a nonprofit corporation any land and any existing buildings owned by the state that are under the jurisdiction of the department for the consideration and upon the terms and conditions as in the judgment of the board are in the public interest;

k. The Department of Health Services (DHS) authority to explore the possible sale of lease of excess mental health facilities to a county community programs;

l. DHS's authority to sell and convey any lands and existing buildings owned by, or owned by the state and held for, the Department or of any of the institutions under the jurisdiction of the Department to a nonprofit corporation for such consideration and upon such terms and conditions as in the judgment of the secretary are in the public interest;

m. DHS authority to sell and convey lands, with the approval of the Building Commission, that the DHS Secretary deems to be in excess of the present or future requirements of the Department for either the operation of its facilities or programs, for the maintenance of buffer zones adjacent to its facilities or for other public purposes;

n. DHS's authority to sell real property at the Northern Center for the Developmentally

Disabled;

- o. DOT's authority to:
 - sell, at the appraised value, the real estate upon which a park-and-ride facility is or may be located, if the Department determines that the sale is in the best interests of the public and the Department determines that the real estate will be used in a manner consistent with the state's transportation interests;
 - to convey lands acquired by gift, devise, purchase or condemnation related to establishing, laying out, widening, enlarging, extending, constructing, reconstructing, improving and maintaining highways and other transportation related facilities not necessary for such improvements
 - sell property, if approved by Governor, of whatever nature that owned by the state and under the jurisdiction of the Department, and is no longer necessary for state's use for transportation purposes;
 - to offer at public sale generally marketable surplus properties, after contacting local units of government and DNR about their interest in such properties for purchase at or possibly below their appraised value, and to sell those lands with the approval of the Governor;
 - the conveyance of lands held by any other state department or independent agency to DOT, with the approval of the Governor;
 - to sell and convey to a nonprofit-sharing corporation any public right-of-way available for highway purposes and any existing highways or other improvements thereon owned by the state or under the jurisdiction of the Department for such consideration and upon such terms and conditions as the Department deems in the public interest.
 - to lease and collect rents and fee for any use of rail property pending discharge of the Department's duty to convey property that is not necessary for a public purpose;
 - to convey any interest in abandoned rail property to another state agency, county, or municipality and to sell at public or private sale any rail such property that the Department determines in not necessary for a public purpose;
 - to lease any property acquired for highway, airport or any other transportation purpose until the property is actually needed for any such purpose and permit use of the property for purposes and upon such terms and conditions as the Department deems in the public interest;
- p. Proceeds for the sale of land the initially held for the purpose of the construction of an employment security building site, if the land is sold or transferred to another use;
- q. The provisions specifying that employment security realty or quarters cannot be sold without the Governor's approval;
- r. The DOT Secretary's authority to convey lands acquired by the Department, but not necessary for airport improvements;

s. The Department of Corrections (DOC) power to sell and convey to a nonprofit corporation any land and existing buildings owned by the state and held for the Department or any of its institutions;

t. The DOC Secretary's authority to sell and convey lands, with the approval of the Building Commission, that the Secretary deems to be in excess of present or future requirements for the Department;

u. The DOC authority to sell or otherwise transfer or dispose of property acquired for a medium/maximum security correctional institution to be located in Milwaukee on property owned by the Milwaukee Road Railroad; and

v. The duties of DOC wardens and superintendents to have charge and custody of the individual state prisons and all lands pertaining to them.

Joint Finance: Modify the Governor's recommendation by specifying the Building Commission could not sell or lease state-owned property, unless such a transaction was approved by the Joint Committee on Finance. In addition, require the Commission to submit the following to the Joint Finance Committee as part of any request for approval of a sale or lease: (a) the estimated value of the facility as determined by DOA and at least one qualified privately-owned assessor; (b) the full cost of retiring remaining debt for the facility; (c) a cost benefit analysis that considers the short-term and long-term costs and benefits to the state of selling or leasing the property; (d) the length and conditions of any proposed sale or lease between the state and a proposed purchaser or lessee; (e) the estimated budgetary impact for affected state agencies for at least the current and following biennium; and (f) any other information requested by the Committee.

Further modify the Governor's recommendations as follows:

a. Require Building Commission approval of any state property leased by the DOA (the Governor's recommendations only require Commission's approval when DOA is proposing to sell a state property);

b. Prohibit DOA, and by cross reference, the Building Commission from selling or leasing any state-owned property for which the cost of acquisition, construction, or improvement was financed with at least 50% federal funds or at least 50% gift or grant funds;

c. Require the Building Commission to first apply any remaining proceeds from the sale of a state property, after the other specified obligations are met, to redeem debt supported by the same funding source and issued under the same bonding purpose authorization that was used to finance the property being sold;

d. Prohibit DOA, and by cross reference, the Building Commission from selling or leasing any property that is owned or leased by the State of Wisconsin Investment Board (SWIB).

Assembly/Legislature: Specify that the information provided by the Department of Administration or the Building Commission to the Joint Committee on Finance related to the sale

or lease of a state property would have to include the methodology used to ensure the competitive and transparent sale of the property. Exempt the State of Wisconsin Investment Board from the provisions requiring state agencies to submit an inventory of the properties held by the agency.

Veto by Governor [E-37]: Delete the Joint Finance provision that would have required the Building Commission to first use net proceeds from the sale or lease of state property to retire debt supported by the same funding source as the debt issued to finance the acquisition, construction or improvement of the property sold. As vetoed, the Commission could use the net proceeds from the sale of property to pay principal and interest costs on any public debt issued to acquire or improve property regardless of the bonding purpose or the funding source used to pay debt service on those bonds.

[Act 20 Sections: 7 thru 20, 22 thru 24, 25 thru 27, 290, 531, 578 thru 580, 585, 602 thru 604, 759, 760, 762, 766, 814, 815, 817, 1233, 1516, 1547 thru 1554, 1557, 1565 thru 1568, 1719, 1720, 1728, 1729, 2132 thru 2134, and 2154]

[Act 20 Vetoed Section: 14]

9. USE OF GENERAL OBLIGATION BONDS PREMIUM PROCEEDS

Joint Finance/Legislature: Require that when general obligation bonds (public debt), excluding refunding bonds, are issued at a premium, the premium would be deposited in the capital improvement fund.

In addition specify the following:

a. The authorized bonding purposes for which the bonding was issued would be reduced by the amount of premiums deposited to the capital improvement fund in proportion to the share of each purpose to the par value amount of the bond issue;

b. Any premium proceeds deposited to the capital improvement fund would first be used for the purposes for which the bonds were issued, and in proportion to the share of each purpose to the par value amount of the bond issue, and the bonding authorization for those purposes would be reduced by the amount of premiums used;

c. Any premiums not used for the purposes for which the bonds are issued may be used for other purposes, as determined by the Commission, and the bonding authorization for those purposes would be reduced by the amount of premiums used;

d. The premium proceeds to be deposited to the capital improvement fund would be net of necessary deposits to any reserve funds, or funds necessary to make cost of issuance and any other ancillary payments related to the bond issue; and

e. These provisions would first apply to obligations issued after the effective date of the bill.

[Act 20 Sections: 193e thru 193h, and 9304(1c)]

BUILDING PROGRAM

Budget Change Items

1. 2013-15 ENUMERATED PROJECTS [LFB Paper 167]

	Bldg. Comm. (Chg. to Base)	Jt. Finance/Leg. (Chg. to B.C.)	Net Change
All Funds	\$1,449,814,300	\$8,200,000	\$1,458,014,300

Building Commission: Provide \$1,449,814,300 from all funding sources of enumerated 2013-15 financing authority for: (a) specific enumerated projects (\$1,120,679,100); and (b) all agency projects (\$329,135,200).

Specify that funding would be drawn from the following sources: (a) \$1,132,592,900 from new general obligation bonding authority; (b) \$23,000,000 from general obligation bonding authority that is currently authorized; (c) \$9,693,800 from existing revenue bonding authority; (d) \$69,181,500 from agency operating funds; (e) \$88,055,200 from federal funds; and (f) \$127,290,900 from gifts, grants and other receipts. These amounts include \$146,615,000 in program revenue supported bonding for the replacement of the state transportation facility project in Madison, which was initially enumerated under the 2007-09 state building program as a \$50,000,000 project (total project cost would be \$196,615,000, under these recommendations).

In addition, \$5,000,000 in GPR supported, general obligation bonding would be provided for a joint museum facility project between the State Historical Society and the Department of Veterans Affairs. The project was enumerated as a \$75,000,000 GPR supported, general obligation bonding project under the 2011-13 state building program, but only \$10,000,000 in GPR supported, general obligation bonding was provided for the project.

The funding sources for the 2013-15 enumerated project authority by agency are shown in Table 1. The major agency projects enumerated as part of the 2013-15 state building program, as recommended by the Building Commission, are listed in Table 2. The Joint Museum facility bonding is not included in the All Funds total above or in the corresponding tables. Rather, the fiscal effect for the project is listed as separate item in the summary.

Joint Finance/Legislature: Enumerate a fish hatchery capacity expansion project funded with \$8,200,000 in existing conservation fund SEG-supported general obligation bonds for increased walleye production at various state fish hatcheries.

Although Joint Finance would not change project enumerations, it would specify that notwithstanding the newly authorized bonding amounts included under the Commission's building program recommendations, the Building Commission could not issue \$250,000,000 of the general obligation bonding amounts authorized for projects included in those

recommendations. To implement this reduction, authorize the Commission to reduce funding for any project, modify the scope of any project or eliminate any project all together. Provide that any reduction to the Department of Transportation building project enumeration included as part of the 2007-09 building program could only be made from \$146,600,000 in additional bonding provided for the project under this bill.

Veto by Governor [E-35]: Delete the Joint Finance provision that the Commission could not issue \$250,000,000 of the newly-authorized, general obligation bonding amounts enumerated for projects included in the Commission's building program recommendations.

[Act 20 Sections: 2363m and 9104(1)]

[Act 20 Vetoed Section: 9104(11i)]

TABLE 1

**Building Commission Recommended Financing Sources
for the 2013-15 Enumerated Projects**

	<u>New General Obligation Bonds</u>			Existing General	Existing	Agency	Gifts,	<u>Federal</u>	<u>Total</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>	<u>Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Operating Funds</u>	<u>Grants, and Other</u>		
Administration	\$0	\$178,836,700*	\$0	\$0	\$0	\$0	\$0	\$0	\$178,836,700
Building Commission	17,608,300	0	0	0	0	0	43,632,600	0	61,240,900
Corrections	34,473,000	0	0	0	0	0	0	0	34,473,000
Children's Hospital of Wisconsin	10,625,000	0	0	0	0	0	10,625,000	0	21,250,000
Health Services	6,713,000	0	0	0	0	0	0	0	6,713,000
Medical College of Wisconsin	7,384,300	0	0	0	0	0	7,384,300	0	14,768,600
Military Affairs	3,604,800	0	0	0	0	0	0	66,327,000	69,931,800
Natural Resources	5,103,900	0	15,548,600	3,142,500	0	0	0	0	23,795,000
University of Wisconsin System	238,764,800	343,169,200	0	2,000,000	0	55,164,000	64,666,000	0	703,764,000
Veterans Affairs	0	0	0	0	0	0	0	5,906,100	5,906,100
Subtotal	\$324,277,100	\$522,005,900	\$15,548,600	\$5,142,500	\$0	\$55,164,000	\$126,307,900	\$72,233,100	\$1,120,679,100
All Agency									
Facilities Repair and Renovation	\$106,500,000	\$32,184,400	\$5,150,200	\$17,857,500	\$9,693,800	\$14,017,500	\$983,000	\$10,088,100	\$196,474,500
Utilities Repair and Renovation	46,000,000	16,115,600	0	0	0	0	0	5,492,700	67,608,300
Health, Safety and Environmental Protection	18,000,000	4,901,300	0	0	0	0	0	241,300	23,142,600
Energy Conservation	0	20,000,000	0	0	0	0	0	0	20,000,000
Preventive Maintenance Program	2,000,000	0	0	0	0	0	0	0	2,000,000
Programmatic Remodeling and Renovation	5,000,000	5,909,800	0	0	0	0	0	0	10,909,800
Land and Property Acquisition	4,000,000	0	0	0	0	0	0	0	4,000,000
Capital Equipment and Acquisition	5,000,000	0	0	0	0	0	0	0	5,000,000
Subtotal	\$186,500,000	\$79,111,100	\$5,150,200	\$17,857,500	\$9,693,800	\$14,017,500	\$983,000	\$15,822,100	\$329,135,200
TOTAL	\$510,777,100	\$601,117,000	\$20,698,800	\$23,000,000	\$9,693,800	\$69,181,500	\$127,290,900	\$88,055,200	\$1,449,814,300

* Includes \$146,615,000 in bonding associated with the proposed amendment to the 2007-09 state building program for the Department of Transportation facility.

**Joint Finance/Legislature Recommended Financing Sources
for the 2013-15 Enumerated Projects**

	<u>New General Obligation Bonds*</u>			Existing General	Existing	Agency	Gifts,	<u>Federal</u>	<u>Total</u>
	<u>GPR</u>	<u>PR</u>	<u>SEG</u>	<u>Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Operating Funds</u>	<u>Grants, and Other</u>		
Administration	\$0	\$178,836,700**	\$0	\$0	\$0	\$0	\$0	\$0	\$178,836,700
Building Commission	17,608,300	0	0	0	0	0	43,632,600	0	61,240,900
Corrections	34,473,000	0	0	0	0	0	0	0	34,473,000
Children's Hospital of Wisconsin	10,625,000	0	0	0	0	0	10,625,000	0	21,250,000
Health Services	6,713,000	0	0	0	0	0	0	0	6,713,000
Medical College of Wisconsin	7,384,300	0	0	0	0	0	7,384,300	0	14,768,600
Military Affairs	3,604,800	0	0	0	0	0	0	66,327,000	69,931,800
Natural Resources	5,103,900	0	15,548,600	11,342,500	0	0	0	0	31,995,000
University of Wisconsin System	238,764,800	343,169,200	0	2,000,000	0	55,164,000	64,666,000	0	703,764,000
Veterans Affairs	0	0	0	0	0	0	0	5,906,100	5,906,100
Subtotal	\$324,277,100	\$522,005,900	\$15,548,600	\$13,342,500	\$0	\$55,164,000	\$126,307,900	\$72,233,100	\$1,128,879,100
All Agency									
Facilities Repair and Renovation	\$106,500,000	\$32,184,400	\$5,150,200	\$17,857,500	\$9,693,800	\$14,017,500	\$983,000	\$10,088,100	\$196,474,500
Utilities Repair and Renovation	46,000,000	16,115,600	0	0	0	0	0	5,492,700	67,608,300
Health, Safety and Environmental Protection	18,000,000	4,901,300	0	0	0	0	0	241,300	23,142,600
Energy Conservation	0	20,000,000	0	0	0	0	0	0	20,000,000
Preventive Maintenance Program	2,000,000	0	0	0	0	0	0	0	2,000,000
Programmatic Remodeling and Renovation	5,000,000	5,909,800	0	0	0	0	0	0	10,909,800
Land and Property Acquisition	4,000,000	0	0	0	0	0	0	0	4,000,000
Capital Equipment and Acquisition	5,000,000	0	0	0	0	0	0	0	5,000,000
Subtotal	\$186,500,000	\$79,111,100	\$5,150,200	\$17,857,500	\$9,693,800	\$14,017,500	\$983,000	\$15,822,100	\$329,135,200
TOTAL	\$510,777,100	\$601,117,000	\$20,698,800	\$31,200,000	\$9,693,800	\$69,181,500	\$127,290,900	\$88,055,200	\$1,458,014,300

* Under a Joint Finance provision, \$250 million of the newly authorized bonding could have not been issued. However, this provision was vetoed by the Governor.

** Includes \$146,615,000 in bonding associated with the proposed amendment to the 2007-09 state building program for the Department of Transportation facility.

TABLE 2

**State Agency 2013-15 Enumerated Major Projects
Total Project Authority (All Funding Sources)**

	<u>Bldg. Comm.</u>	<u>Jt Finance/Leg.*</u>
Administration		
State Transportation Building Replacement - Madison	\$146,615,000**	\$146,615,000**
Hill Farms Building D Crime Lab Expansion	5,221,700	5,221,700
5830 Femrite Drive, Madison Building Purchase (Data Center)	<u>27,000,000</u>	<u>27,000,000</u>
Total	\$178,836,700	\$178,836,700
Building Commission		
Dane County - Livestock Facilities	\$18,000,000	\$18,000,000
Domestic Abuse Intervention Service Facility and Shelter - Madison	5,600,000	5,600,000
K I Convention Center Expansion -- Green Bay	21,500,000	21,500,000
Norskedalen Nature and Heritage Center -- Vernon County	4,482,900	4,482,900
Wisconsin Maritime Center for Excellence -- Marinette County Association for Business and Industry	<u>11,658,000</u>	<u>11,658,000</u>
Total	\$61,240,900	\$61,240,900
Children's Hospital of Wisconsin		
Family Justice Center - Milwaukee	\$21,250,000	\$21,250,000
Corrections		
Columbia Correctional Institution - Health Services Unit	\$6,472,000	\$6,472,000
Columbia Correctional Institution - Segregation Unit Expansion	6,000,000	6,000,000
Copper Lake School - Segregation Unit Expansion	2,000,000	2,000,000
Green Bay Correctional Institution - North and South Cell Halls Improvements	3,750,000	3,750,000
Marshall E. Sherrer Correctional Center - Housing and Food Service Area	4,052,000	4,052,000
Oshkosh Correctional Institution - Health Services Unit	7,699,000	7,699,000
Taycheedah Correctional Institution - Infirmary	<u>4,500,000</u>	<u>4,500,000</u>
Total	\$34,473,000	\$34,473,000
Health Services		
Mendota Mental Health - Lorenz Hall Secure Treatment Unit Renovation	\$5,734,000	\$5,734,000
Winnebago Mental Health Institute - Petersik Hall Special Management Area	<u>979,000</u>	<u>979,000</u>
Total	\$6,713,000	\$6,713,000
Medical College of Wisconsin		
Remodeling, Development, and Renovation of Community Medical Education Facilities -- Green Bay and Wausau	\$14,768,600	\$14,768,600
Military Affairs		
Armed Forces Reserve Center Addition - Civil Service Support Team - Madison	\$1,499,500	\$1,499,500
Command Suite Addition - Madison	1,496,900	1,496,900
Joint Force Headquarters Remodeling - Madison	2,999,300	2,999,300
Motor Vehicle Storage Facilities - Onalaska and Marinette	1,450,000	1,450,000
Readiness Center, Motor Vehicle Storage, and Field Maintenance Shop - Wisconsin Rapids	<u>62,486,100</u>	<u>62,486,100</u>
Total	\$69,931,800	\$69,931,800
Natural Resources		
Devil's Lake State Park - Toilet - Shower and Vault Toilet Replacements	1,059,000	1,059,000
Lake Wissota State Park - Park Entrance and Visitor Station	1,114,800	1,114,800
Medford Ranger Station and Storage Building	1,845,200	1,845,200
Necedah Ranger Station - Fire - Control Storage Building	826,900	826,900
Potawatomi State Park - Park Entrance and Visitor Station	968,700	968,700
Southeast Regional Headquarters and Service Center	17,012,900	17,012,900
Waupaca Ranger Station - Fire - Control Storage Building	967,500	967,500
Fish Hatchery Capacity Expansion	<u>0</u>	<u>8,200,000</u>
Total	\$23,795,000	\$31,995,000

		<u>Bldg. Comm.</u>	<u>Jt Finance/Leg.*</u>
University of Wisconsin System			
Eau Claire	Residence Hall	\$35,000,000	\$35,000,000
La Crosse	Gymnastics Practice and Storage Facility	4,511,000	4,511,000
	Parking Ramp Addition	7,619,000	7,619,000
	Student Union	53,300,000	53,300,000
	Science Labs Building	82,000,000	82,000,000
Madison	Babcock Hall Dairy Plant Addition	31,920,000	31,920,000
	Meat Science and Muscle Biology Laboratory	42,877,000	42,877,000
	Memorial Union Renovation - Phase II	42,085,000	42,085,000
	Sellery and Witte Halls Renovation	47,000,000	47,000,000
	University Houses Renovation	15,000,000	15,000,000
Milwaukee	Kenilworth Place Lease Buyout	65,300,000	65,300,000
	Northwest Quadrant Student Health Services Center	11,066,000	11,066,000
Oshkosh	Conference and Welcome Center	4,600,000	4,600,000
	Intramural Recreation Field Complex	6,466,000	6,466,000
	Fletcher Hall Renovation	17,627,000	17,627,000
	Reeve Student Union - Renovation and Expansion	7,629,000	7,629,000
Platteville	Residence Hall and Dining Facility	29,287,000	29,287,000
Stevens Point	Chemistry - Biology Building	75,000,000	75,000,000
	Thompson and Watson Residence Halls Renovation	13,477,000	13,477,000
Stout	McCalmount Residence Hall Renovation	7,893,000	7,893,000
	North Residence Hall Renovation	13,250,000	13,250,000
Whitewater	Indoor Tennis Building	3,500,000	3,500,000
	Laurentide Hall Student Success Center Addition	4,500,000	4,500,000
	Residence Hall	28,000,000	28,000,000
System	Classroom Renovation/Instructional Technology Improvements	10,000,000	10,000,000
	Major Facilities Renewal Program	24,000,000	24,000,000
	Utility Improvements	<u>20,857,000</u>	<u>20,857,000</u>
Total		<u>\$703,764,000</u>	<u>\$703,764,000</u>
Veterans Affairs			
Southern Wisconsin Veterans Memorial Cemetery	Renovation and Expansion - Union Grove	\$3,797,000	\$3,797,000
	Northern Wisconsin Veterans Memorial Cemetery		
	Renovation and Expansion - Spooner	<u>2,109,100</u>	<u>2,109,100</u>
Total		<u>\$5,906,100</u>	<u>\$5,906,100</u>
All Agency			
	Facility Maintenance and Repair	\$196,474,500	\$196,474,500
	Utilities Repair and Renovation	67,608,300	67,608,300
	Health, Safety, and Environmental Protection	23,142,600	23,142,600
	Energy Conservation	20,000,000	20,000,000
	Preventive Maintenance Program	2,000,000	2,000,000
	Programmatic Remodeling and Renovation	10,909,800	10,909,800
	Land and Property Acquisition	4,000,000	4,000,000
	Capital Equipment Acquisition	<u>5,000,000</u>	<u>5,000,000</u>
Total		<u>\$329,135,200</u>	<u>\$329,135,200</u>
Grand Total		\$1,449,814,300	\$1,458,014,300

*These projects would have been subject to the Joint Finance provision that the Commission could not issue \$250,000,000 of the bonding amounts enumerated for these projects. However, the provision was vetoed by the Governor.

** This project funding would be included as a modification to the 2007-09 state building program.

2. **BONDING AUTHORIZATIONS IN BUILDING PROGRAM** [LFB Paper 167]

	Bldg. Comm. (Chg. to Base)	Jt. Finance/Leg. (Chg. to B.C.)	Veto (Chg. to Leg.)	Net Change
BR	\$1,132,592,900	-\$250,000,000	\$250,000,000	\$1,132,592,900

Building Commission: Provide \$1,132,592,900 in new general obligation bonding authority for 2013-15 building program projects, as shown in the following table.

Joint Finance/Legislature: Reduce the authorized amount of general obligation bonding identified for projects authorized by \$250,000,000. The bonding purposes that would be reduced would not be specified.

Veto by Governor [E-35]: Delete the Joint Finance provision that the Commission could not issue \$250,000,000 of the general obligation bonding amounts authorized for projects included in the Commission's building program recommendations. In his veto message, the Governor indicates that he is directing "the DOA Secretary to reduce \$250,000,000 in general obligation bonds issued in the 2013-15 biennium for the newly enumerated projects in this act." However, irrespective of the veto message, the Governor's partial veto deletes the proposed law that would have prohibited the issuance of these bonds. As a result, this bonding can be issued without further action by the Legislature, and the fiscal effect of this veto is shown as an increase of \$250,000,000 in authorized bonding.

2013-15 Building Program Bonding Authorizations

<u>Purpose</u>	<u>Bldg. Comm.</u>	<u>Jt. Finance/Leg.</u>	<u>Act 20</u>
Administration			
Energy Conservation Projects	\$20,000,000	\$20,000,000	\$20,000,000
Building Commission			
Other Public Purposes (All Agency Projects)	186,500,000	186,500,000	186,500,000
Housing State Agencies	197,529,300*	197,529,300*	197,529,300*
Dane County Livestock Facilities	9,000,000	9,000,000	9,000,000
Domestic Abuse Intervention Center	560,000	560,000	560,000
K I Convention Center	2,000,000	2,000,000	2,000,000
Norskedalen Nature and Heritage Center	1,048,300	1,048,300	1,048,300
Wisconsin Maritime Center of Excellence	5,000,000	5,000,000	5,000,000
Children's Hospital of Wisconsin			
Family Justice Center	10,625,000	10,625,000	10,625,000
Corrections			
Correctional Facilities	34,473,000	34,473,000	34,473,000
Health Services			
Mental Health Facilities	6,713,000	6,713,000	6,713,000
Medical College of Wisconsin			
Community Medical Education Facilities	7,384,300	7,384,300	7,384,300
Military Affairs			
Armories and Military Facilities	3,604,800	3,604,800	3,604,800

<u>Purpose</u>	<u>Bldg. Comm.</u>	<u>Jt. Finance/Leg.</u>	<u>Act 20</u>
Natural Resources			
General Fund Supported Administration Facilities	\$5,103,900	\$5,103,900	\$5,103,900
SEG Revenue Supported Facilities	12,264,800	12,264,800	12,264,800
Environmental SEG Supported Administration Facilities	8,434,000	8,434,000	8,434,000
State Fair Park			
Self-Amortizing Facilities	250,000	250,000	250,000
University of Wisconsin			
Academic Facilities	238,764,800	238,764,800	238,764,800
Self-Amortizing Facilities	375,831,400	375,831,400	375,831,400
Veterans Affairs			
Self-Amortizing Facilities	7,506,300	7,506,300	7,506,300
Unspecified Reduction	0	-250,000,000	0
GRAND TOTAL	\$1,132,592,900	\$882,592,900	\$1,132,592,900

* Includes \$146,615,000 of this bonding as a modification to the 2007-09 state building program.

[Act 20 Sections: 478d, 478t, 482d thru 482p, 487d, 487h, 488m, 489b thru 489j, 489L, 489Lm, and 489m]

[Act 20 Vetoed Section: 9104(11i)]

3. JOINT MUSEUM FACILITY

BR	\$5,000,000
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Building Commission/Legislature: Provide \$5,000,000 in GPR supported, general obligation bonding for the joint museum facility project that was enumerated under the 2011-13 state building program. The project was enumerated as a \$75,000,000 project to be funded from GPR supported, general obligation bonding, but only \$10,000,000 in GPR supported, general obligation bonding was provided for the project. The Building Commission recommendations indicate that the Department of Administration is requesting the funding to continue planning and pre-design activities associated with the project.

[Act 20 Section: 489k]

4. 2007-09 BUILDING PROGRAM - TRANSPORTATION BUILDING [LFB Paper 168]

Building Commission/Legislature: Modify the 2007-09 state building program to increase the State Transportation Building replacement project at Hill Farms in Madison by \$146,615,000 for a total project cost of \$196,615,000, to be entirely funded with program revenue supported bonding. Program revenue debt service payments on the bonds would be made from the DOA space rental account, which receives revenues associated with rental charges from state agencies that are housed in general office facilities owned and operated by the state. Agency rental payments are generally made from agency funding sources in proportion to the percentage each funding source makes up of total agency operations funding. For example, rents paid by the Department of Transportation to the space rental account are made from the segregated

transportation fund, which funds all the Department's program operations.

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

[Act 20 Sections: 489b and 2363m]

5. FAMILY JUSTICE CENTER [LFB Paper 169]

Building Commission/Legislature: Enumerate a \$21,250,000 family justice center project in the City of Milwaukee under the 2013-15 state building program. Authorize the Building Commission to provide \$10,625,000 in general fund supported bonding to aid in the construction of the facility to be located at 619 West Walnut Street in the City of Milwaukee to coordinate and centralize victim advocacy services for families affected by domestic violence.

Require that the state funding commitment be in the form of a grant to the Children's Hospital of Wisconsin. Specify that before approving any state funding commitment for the construction of the facility, the Building Commission would be required to make a determination that the Children's Hospital of Wisconsin has secured additional funding from nonstate sources for the project in an amount at least equal to the amount of the grant. Require that if the Building Commission makes a grant for the construction of the facility, the state would retain an ownership interest in the facility equal to the amount of the state's grant if for any reason the facility is not used as a center for families affected by domestic violence.

Specify that Legislature finds and determines that domestic violence affects families, especially women and children, throughout all communities in Wisconsin and that coordinating and centralizing victim and victim advocacy services in communities would greatly benefit state residents. Further specify that it is in the public interest, and it is the public policy of this state, to aid in the construction of a facility, to be located in the City of Milwaukee, to coordinate and centralize victim and victim advocacy services for families affected by domestic violence.

Specify that the Building Commission could not make a grant to the Children's Hospital of Wisconsin for the construction of a family justice center unless DOA has reviewed and approved the plans for the project, although DOA could not supervise any services or work or let any contract for the project. Further specify that the contracts for project would not require approval of the DOA Secretary or the Governor.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

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

[Act 20 Sections: 24c, 478, 489h, 489n, 9104(1)(i), and 9104(5)]

6. DOMESTIC ABUSE INTERVENTION SERVICE FACILITY AND SHELTER
[LFB Paper 169]

Building Commission/Legislature: Enumerate a \$5,600,000 domestic abuse intervention service facility and shelter project in the City of Madison under the 2013-15 state building program. Authorize the Building Commission to provide \$560,000 in general fund supported bonding to aid in the construction and remodel of a shelter facility and offices to be located at 2102 Fordem Avenue in the City of Madison to provide shelter and services to domestic abuse victims.

Require that the state funding commitment be in the form of a grant to Domestic Abuse Intervention Services, Inc., and specify that before approving any state funding commitment for the construction of the facility, the Building Commission would be required to make a determination that Domestic Abuse Intervention Services, Inc. has secured additional funding from nonstate sources for the project. Require that if the Building Commission makes a grant for the construction and remodel of the facility, the state would retain an ownership interest in the facility equal to the amount of the state's grant if for any reason the facility is not used to provide services to domestic abuse victims.

Specify that the Legislature finds and determines that domestic violence affects families, especially women and children, throughout all communities in Wisconsin and that the construction of shelter facilities and offices for providing services to domestic abuse victims would greatly benefit state residents. Further specify that it is in the public interest, and it is the public policy of this state, to aid in the construction and remodel of a shelter facility and offices, to be located in the City of Madison, to provide services to domestic abuse victims.

Specify that the Building Commission could not make a grant to the Domestic Abuse Intervention Services, Inc. for the construction and remodel of a shelter facility and offices unless DOA has reviewed and approved the plans for the project, although DOA could not supervise any services or work or let any contract for the project. Further specify that the contracts for project would not require approval of the DOA Secretary or the Governor.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

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

[Act 20 Sections: 24e, 478, 489j, 489o, 9104(1)(j), and 9104(6)]

7. COMMUNITY MEDICAL EDUCATION FACILITIES [LFB Paper 170]

Building Commission: Enumerate the remodel, development, and renovation of two community education facilities in the cities of Green Bay and Wausau at total project cost of \$14,768,600 under the 2013-15 state building program. Authorize the Building Commission to

provide \$7,384,300 in general fund supported bonding to aid in the remodel, development and renovation of two community medical education facilities in the cities of Green Bay and Wausau.

Require that the state funding commitment be in the form of a grant to Medical College of Wisconsin and specify that before approving any state funding commitment for the construction of the facility, the Building Commission would be required to make a determination that the Medical College of Wisconsin has secured additional funding from nonstate sources for the project at least equal to the amount of the grant. Require that if the Building Commission makes a grant for the remodeled, developed, and renovated facilities, the state would retain an ownership interest in the facilities equal to the amount of the state's grant if for any reason the facilities are not used as community medical education facilities.

Specify that the Legislature finds and determines that expanding access to health care teaching institutions would greatly benefit state residents by addressing the increasing shortage of health care professionals available to provide care to state residents. Further specify that it is in the public interest, and it is the public policy of this state, to assist the Medical College of Wisconsin in the remodel, development, and renovation of two community medical education facilities in the cities of Green Bay and Wausau.

Specify that the Building Commission could not make a grant to the Medical College of Wisconsin for the remodel, development, and renovation of a community medical education facility unless DOA has reviewed and approved the plans for the project, although DOA could not supervise any services or work or let any contract for the project. Further specify that the contracts for project would not require approval of the DOA Secretary or the Governor.

Modify the current GPR sum sufficient appropriation for the Medical College of Wisconsin to allow debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the medical education facility projects to be made.

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

Joint Finance/Legislature: Modify references to the location of facilities to be northeast Wisconsin and central Wisconsin rather than the cities of Green Bay and Wausau.

[Act 20 Sections: 24g, 225m, 489g, 9104(1)(L), and 9104(7)]

8. K I CONVENTION CENTER [LFB Paper 169]

Building Commission/Legislature: Enumerate the expansion of the K I Convention Center in the City of Green Bay at total project cost of \$21,500,000 under the 2013-15 state building program. Authorize the Building Commission to provide \$2,000,000 in general fund supported bonding to aid in the expansion of the K I Convention Center in Green Bay.

Require that the state funding commitment be in the form of a grant to the City of Green Bay and specify that before approving any state funding commitment for the expansion of the facility, the Building Commission would be required to make a determination that the City of Green Bay has secured additional funding from nonstate sources for the project. Require that if the Building

Commission makes a grant for the facility, the state would retain an ownership interest in the expanded space equal to the amount of the state's grant if for any reason the expanded space that is constructed with funds from grant is not used to expand the K I Convention Center in Green Bay.

Specify that the Legislature finds and determines that the meetings and conventions industry is of vital importance in creating jobs and contributing to economic development throughout Wisconsin and that the promotion of this industry would greatly benefit state residents. Further specify that it is in the public interest, and it is the public policy of this state, to aid in the expansion of the K I Convention Center in the City of Green Bay.

Specify that the Building Commission could not make a grant to the City of Green Bay for the expansion of the K I Convention Center unless DOA has reviewed and approved the plans for the project, although DOA could not supervise any services or work or let any contract for the project. Further specify that the contracts for project would not require approval of the DOA Secretary or the Governor.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

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

[Act 20 Sections: 24j, 478, 489f, 489p, 9101(1)(k), and 9104(9)]

9. DANE COUNTY LIVESTOCK FACILITIES [LFB Paper 169]

Building Commission/Legislature: Enumerate the construction of an \$18,000,000 Dane County livestock facility under the 2013-15 state building program. Authorize the Building Commission to provide \$9,000,000 in general fund supported bonding to aid in the construction of livestock facilities at the Alliant Energy Center in the City of Madison.

Require that the state funding commitment be in the form of a grant to the Dane County and specify that before approving any state funding commitment for the construction of the facility, the Building Commission would be required to make a determination that Dane County has secured additional funding from nonstate sources for the project at least equal to the amount of the state grant. Require that if the Building Commission makes a grant to Dane County, the state would retain an ownership interest in the facilities equal to the amount of the state's grant if for any reason the facilities constructed with funds from grant are not used for livestock purposes.

Specify that the Legislature finds and determines that the livestock and dairy industry is of vital importance to the economy, workforce, and unique way of life in Wisconsin and that the promotion of this industry would greatly benefit state residents. Further specify that it is in the public interest, and it is the public policy of this state, to aid in the construction of livestock facilities at the Alliant Energy Center in the City of Madison.

Specify that the Building Commission could not make a grant to Dane County for the construction of livestock facilities unless DOA has reviewed and approved the plans for the project, although DOA could not supervise any services or work or let any contract for the project. Further specify that the contracts for project would not require approval of the DOA Secretary or the Governor.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

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

[Act 20 Sections: 24i, 478, 489e, 489q, 9104(1)(h), and 9104(8)]

10. WISCONSIN MARITIME CENTER OF EXCELLENCE [LFB Paper 169]

Building Commission/Legislature: Enumerate the construction of an \$11,658,000 Wisconsin Maritime Center of Excellence project under the 2013-15 state building program. Authorize the Building Commission to provide \$5,000,000 in general fund supported bonding to aid in the construction of the Center in Marinette County.

Require that the state funding commitment be in the form of a grant to the Marinette County Association for Business and Industry, Inc., and specify that before approving any state funding commitment for the construction of the facility, the Building Commission would be required to make a determination that the Association has secured additional funding for the project. Require that if the Building Commission makes a grant to the Marinette County Association for Business and Industry, Inc., the state would retain an ownership interest in the facility equal to the amount of the state's grant if for any reason the facility that is constructed with funds from grant is not used to promote Wisconsin's maritime and shipbuilding industry.

Specify that the legislature finds and determines that the maritime and shipbuilding industry is of vital importance in creating jobs and contributing to economic development throughout Wisconsin and that the promotion of this industry would greatly benefit state residents. Further specify that it is in the public interest, and it is the public policy of this state, to aid in the construction of the Wisconsin Maritime Center of Excellence in Marinette County.

Specify that the Building Commission could not make a grant to the Marinette County Association for Business and Industry, Inc. for the construction of a Wisconsin Maritime Center for Excellence unless DOA has reviewed and approved the plans for the project, although DOA could not supervise any services or work or let any contract for the project. Further specify that the contracts for project would not require approval of the DOA Secretary or the Governor.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund

appropriation.

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

[Act 20 Sections: 24k, 478, 489i, 489r, 9104(1)(n), and 9104(11)]

11. NORSKEDALEN NATURE AND HERITAGE CENTER [LFB Paper 169]

Building Commission/Legislature: Enumerate the construction of a \$4,482,900 Norskedalen Nature and Heritage Center project under the 2013-15 state building program. Authorize the Building Commission to provide \$1,048,300 in general fund supported bonding to aid in the construction of the center in Vernon County.

Require that the state funding commitment be in the form of a grant to the Norskedalen Nature and Heritage Center and specify that before approving any state funding commitment for the development of the site, the Building Commission would be required to make a determination that the Center has secured additional funding from nonstate sources for the project. Require that if the Building Commission makes a grant to the Norskedalen Nature and Heritage Center the state would retain an ownership interest in the site equal to the amount of the state's grant if for any reason the facility that is constructed with funds from grant is not used as a historic site.

Specify that the Legislature finds and determines that preserving the historical and archaeological heritage of the many immigrant groups and American Indian tribes or bands who have contributed in countless ways to Wisconsin's cultural, social, and economic life would substantially benefit state residents. Further specify that it is in the public interest, and it is the public policy of this state, to aid in the development of the Norskedalen Nature and Heritage Center heritage site in Vernon County.

Specify that the Building Commission could not make a grant to the Norskedalen Nature and Heritage Center for the development of the site unless DOA has reviewed and approved the plans for the project, although DOA could not supervise any services or work or let any contract for the project. Further specify that the contracts for project would not require approval of the DOA Secretary or the Governor.

Create a GPR sum sufficient appropriation to fund the debt service payments and any payments on an agreement or ancillary arrangement associated with the bonding authorized for the project. Provide that these payments could be made through the bond security redemption fund appropriation.

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

[Act 20 Sections: 24m, 478, 489d, 489s, 9104(1)(m), and 9104(10)]

12. FACILITIES MAINTENANCE AND REPAIR PROJECTS [LFB Paper 171]

Building Commission: Authorize the DOA Secretary to disburse up to \$11,500,000 of the

"All Agency" bonding amounts to fund needed projects in the 2013-15 biennium without Building Commission approval.

Joint Finance/Legislature: Delete provision.

13. STATEMENT OF BUILDING PROGRAM CONTINUATION

Building Commission/Legislature: Continue the building and financing authority enumerated under the previous state building program into the 2013-15 biennium. Each building program is approved only for the current biennium; this provision would continue the past state building program into the 2013-15 biennium.

[Act 20 Section: 9104(2)]

14. PROJECT LOANS

Building Commission/Legislature: Authorize the Building Commission, during the 2013-15 biennium, to make loans from general fund-supported borrowing or the building trust fund to state agencies for any 2013-15 building program projects funded from non-GPR sources.

[Act 20 Section: 9104(3)]

15. UW WHITEWATER DORMITORY FACILITIES -- 2011-13 STATE BUILDING PROGRAM

Joint Finance/Legislature: Modify the 2011-13 state building program to rename the Bigelow and Benson Halls renovation project at UW Whitewater as a west campus residence hall upgrade project. This would replace the UW Whitewater Bigelow and Benson Halls renovation project enumeration, which was included in the 2011-13 state building program, with a west campus residence hall upgrade project. The west campus residence hall would be funded with the \$12,233,000 in program revenue supported borrowing that was previously authorized under the 2011-13 building program for the earlier project.

[Act 20 Section: 2363p]

CHILD ABUSE AND NEGLECT PREVENTION BOARD

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$1,999,200	\$1,993,400	\$1,993,400	\$1,993,400	\$1,993,400	- \$5,800	- 0.3%
FED	1,230,200	1,269,600	1,269,600	1,269,600	1,269,600	39,400	3.2
PR	2,720,800	2,712,700	2,712,700	2,712,700	2,712,700	- 8,100	- 0.3
SEG	<u>46,200</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>- 16,200</u>	<u>- 35.1</u>
TOTAL	\$5,996,400	\$6,005,700	\$6,005,700	\$6,005,700	\$6,005,700	\$9,300	0.2%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	1.00	1.00	1.00	1.00	1.00	0.00
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>0.00</u>
TOTAL	6.00	6.00	6.00	6.00	6.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of -\$2,900 GPR, \$19,600 FED, and -\$19,400 PR in 2013-14 and -\$2,900 GPR, \$19,800 FED and -\$18,700 PR in 2014-15 for: (a) full funding of salaries and fringe benefits (-\$2,900 GPR, \$8,400 FED, and -\$10,200 PR annually); (b) full funding of lease and directed moves (\$11,200 FED and -\$9,200 PR in 2013-14 and \$11,400 FED and -\$8,500 PR in 2014-15); and (c) minor transfers within the same appropriation.

GPR	- \$5,800
FED	39,400
PR	<u>- 38,100</u>
Total	- \$4,500

2. ADMINISTRATIVE SERVICES FEES APPROPRIATION

Governor/Legislature: Provide \$15,000 annually to reflect revenue from fees charged by the Child Abuse and Neglect Prevention Board for providing state mailings, special computer

PR	\$30,000
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services, training programs, printed materials, and publications relating to child abuse and neglect prevention services. Create the fees for administrative services appropriation to receive all of the fees charged and to provide expenditure authority for the purpose of providing these services.

[Act 20 Section: 343]

3. LICENSE PLATE REVENUE

SEG	- \$16,200
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Governor/Legislature: Reduce funding by \$8,100 annually to reflect that the Board no longer receives revenue from "Celebrate Children" license plates. Under current law, the Celebrate Children Foundation receives the revenue from these special license plates.

4. TRANSFER TO DEPARTMENT OF ADMINISTRATION [LFB Paper 175]

Governor: Specify that the Board be attached to the Department of Administration (DOA). Under current law, the Board is attached to the Department of Children and Families (DCF). As a result, DCF provides direction and supervision for the Board's budgeting, program coordination, and related management function. The bill would transfer these responsibilities to DOA.

Joint Finance/Legislature: Delete provision.

5. COMMUNITY-BASED FAMILY RESOURCE AND SUPPORT PROGRAM GRANTS [LFB Paper 176]

Governor: Modify the match amount required of community-based family resource and support program grant recipients to be at least 10%, or a larger percentage at the Board's discretion, first applicable to grant applications submitted on effective date of the bill.

Under current law, a recipient of a community-based family resource and support program grant must provide matching funds, through money or in-kind services, of at least 25% of the grant amount received in the first year and at least 50% of the grant amount received in the second and subsequent years.

Joint Finance/Legislature: Modify the match amount required of community-based family resource and support program grant recipients to be 25% annually.

[Act 20 Sections: 946 thru 948 and 9306(4)]

6. FAMILY RESOURCE CENTER GRANTS [LFB Paper 176]

Governor: Eliminate the maximum award amount for the family resource center grants, first applicable to grant applications submitted on the effective date of the bill. In addition,

eliminate the requirement that Board allocate not more than \$150,000 for family resource center grants to organizations located in Milwaukee County.

Under current law, no organization may receive a family resource center grant totaling more than \$150,000 in any year, with a specific requirement that the Board must allocate not more than \$150,000 to organizations in Milwaukee County. Family resource center grants support services such as parent education, family support, resource and referral, outreach, home visitation, and evaluation.

Joint Finance/Legislature: Delete provision.

7. TRANSFER OF CHILDREN'S TRUST FUND BALANCE

Governor/Legislature: Transfer the unencumbered balance in the children's trust fund to the Board's children's trust fund; gifts and grants appropriation on the effective date of the bill. Modify the appropriation language to authorize receipt and expenditure of these funds.

Under prior law, a portion of funds from this appropriation had been transferred into the children's trust fund to be expended from another appropriation. The second appropriation was subsequently repealed, but a balance of approximately \$45,200 had accumulated in the children's trust fund that was not spent from the second appropriation before it was repealed. The bill would transfer this balance to the Board's children's trust fund; gifts and grants appropriation to allow the Board to have access to the balance of \$45,200 that had accumulated under prior law. The Board's expenditure authority would not increase as a result of this transfer. Rather, the Board would have access to funds that the Board currently has authority to spend.

[Act 20 Sections: 344 and 9205(1)]

8. TRANSFER FUNDS BETWEEN APPROPRIATIONS

Governor/Legislature: Transfer \$50,000 PR annually from the Board's grants to organizations appropriation to the Board's PR general program operations appropriation. Both of these appropriations are funded with birth certificate revenue. Under current law, the Board receives \$7 of the \$20 fee for a duplicate birth certificate. The bill would transfer \$50,000 of this revenue from providing grants to program operations in order to allow the Board to contract with the Celebrate Children Foundation for child abuse and neglect prevention services

The Celebrate Children Foundation was created to increase fundraising efforts for child abuse and neglect prevention. The Foundation helps communities obtain and invest resources in quality childhood and family development experiences in its efforts to prevent child abuse and neglect.

CHILDREN AND FAMILIES

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$710,823,400	\$703,174,400	\$705,820,000	\$705,820,000	\$705,820,000	- \$5,003,400	- 0.7%
FED	1,262,160,200	1,317,425,100	1,324,587,300	1,324,587,300	1,324,587,300	62,427,100	4.9
PR	208,621,600	206,181,400	205,616,400	205,616,400	205,616,400	- 3,005,200	- 1.4
SEG	<u>18,679,400</u>	<u>18,679,400</u>	<u>18,679,400</u>	<u>18,679,400</u>	<u>18,679,400</u>	<u>0</u>	0.0
TOTAL	\$2,200,284,600	\$2,245,460,300	\$2,254,703,100	\$2,254,703,100	\$2,254,703,100	\$54,418,500	2.5%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	217.65	218.65	218.65	218.65	218.65	1.00
FED	368.73	365.39	365.31	365.31	365.31	- 3.42
PR	<u>191.62</u>	<u>204.57</u>	<u>204.65</u>	<u>204.65</u>	<u>204.65</u>	<u>13.03</u>
TOTAL	778.00	788.61	788.61	788.61	788.61	10.61

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments of -\$136,100 GPR, -\$1,137,700 FED, and \$624,100 PR in 2013-14, -\$115,200 GPR, -\$1,982,200 FED, and \$649,800 PR in 2014-15, -10.00 FED and -0.09 PR positions, beginning in 2013-14, and another -8.30 FED positions, beginning in 2014-15. Adjustments are for: (a) turnover reduction (-\$249,100 GPR, -\$370,400 FED, and -\$258,500 PR annually); (b) removal of noncontinuing items (-\$654,400 FED and -\$4,100 PR in 2013-14, -\$1,535,300 FED and -\$4,100 PR in 2014-15, -10.00 FED and -0.09 PR positions, beginning in 2013-14, and an

	Funding	Positions
GPR	- \$251,300	0.00
FED	- 3,119,900	- 18.30
PR	<u>1,273,900</u>	<u>- 0.09</u>
Total	- \$2,097,300	- 18.39

additional -8.30 FED positions, beginning in 2014-15); (c) full funding of salaries and fringe benefits (-\$219,200 GPR, \$20,200 FED, and \$307,000 PR annually); (d) overtime (\$247,400 GPR, \$21,500 FED, and \$4,300 PR annually); (e) night and weekend differential (\$135,400 GPR, \$11,800 FED, and \$1,300 PR annually); (f) full funding of lease costs and directed moves (-\$50,600 GPR, -\$166,400 FED, and \$574,100 PR in 2013-14 and -\$29,700 GPR, -\$130,000 FED, and \$599,800 PR in 2014-15); and (g) minor transfers within the same appropriation.

2. PERMANENT GPR REDUCTIONS

GPR	- \$710,600
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Governor/Legislature: Reduce funding by \$355,300 annually to reflect a permanent reduction in base GPR funding pursuant to the GPR lapses included under 2011 Wisconsin Act 32. The GPR reductions are from child support state operations (-\$191,300 GPR annually) and from the foster care continuation program (-\$164,000 GPR annually).

3. PROGRAM AND FEDERAL REVENUE REESTIMATES [LFB Paper 180]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$16,525,500	- \$5,161,400	\$11,364,100
PR	<u>1,129,600</u>	<u>- 320,200</u>	<u>809,400</u>
Total	\$17,655,100	- \$5,481,600	\$12,173,500

Governor: Provide \$9,498,500 (\$8,569,900 FED and \$928,600 PR) in 2013-14 and \$8,156,600 (\$7,955,600 FED and \$201,000 PR) in 2014-15 to reflect the reestimates in the following table:

Program and Federal Revenue Reestimates

	<u>2013-14</u>	<u>2014-15</u>
Chafee Foster Care Independence Program Funding (FED)	\$33,900	\$33,900
Chafee Education and Training Vouchers Funding (FED)	3,400	3,400
Child Abuse Prevention and Treatment Act (CAPTA) Funding (FED)	13,200	13,200
CAPTA Training and Technical Assistance Funding (FED)	-2,000	-2,000
Child Welfare Education Collaboration (FED)	235,000	123,000
Abstinence Grant Funding (FED)	724,100	724,100
Methamphetamine Grant Funding (FED)	-500,000	-500,000
Family Connections Grant Funding (FED)	-116,000	-116,000
Domestic Abuse Funding (FED)	8,800	8,800
Home Visiting Funding (FED)	3,570,000	3,570,000
Title IV-B, Part 1 (FED)	344,000	344,000
Title IV-B, Part 2 (FED)	135,200	135,200
Title IV-E (FED)	76,000	76,000
Adoption Assistance Funding (FED)	-140,400	-140,400
American Recovery and Reinvestment Act Funding for the Early Care and Education Advisory Council (FED)	-200,000	-303,000
Race to the Top Funding (FED)	6,074,600	5,675,300
Community Services Block Grant Funding (FED)	-250,000	-250,000
Refugee Assistance Funding (FED)	-1,439,900	-1,439,900
Expiration of a Three-Year Grant for the Midwest Child Welfare Implementation Center (PR)	-100,000	-316,200
Income Augmentation Funds for eWiSACWIS (PR)	1,000,000	500,000
Income Augmentation Funds for Program Improvement Plan and Provider Rate Regulation Staff (PR)	-710,300	-710,300
Social Services Block Grant Operations Funding (PR)	-61,100	-72,500
Economic Support Information Technology Costs (PR)	-1,000,000	-1,000,000
General Administration Information Technology Costs (PR)	<u>1,800,000</u>	<u>1,800,000</u>
FED Total	\$8,569,900	\$7,955,600
PR Total	<u>928,600</u>	<u>201,000</u>
Total	\$ 9,498,500	\$8,156,600

These reestimates represent the most recent estimates of revenues that the Department of Children and Families (DCF) anticipates would be received from ongoing federal grant and program funding, elimination of one-time funding for the early care and education advisory council and the Midwest child welfare implementation center, and new or expanded funding for race to the top and home visiting. New funding for race to the top (\$6,074,600 FED in 2013-14 and \$5,675,300 in 2014-15) and expanded funding for home visiting (\$3,570,000 FED annually) make up most of the increase in the revenue reestimates.

Although Wisconsin did not receive an initial grant for the race to the top early learning challenge grants, an additional five applicants, including Wisconsin, were subsequently approved for funding. DCF anticipates the receipt of \$22.7 million over a four-year period. The amounts in the above table would be received in the first two years of the four-year period.

The increase in home visiting funding is due to additional grant funding made available under the federal Patient Protection and Affordable Care Act for a comprehensive maternal, infant, and early childhood home visiting program.

Joint Finance/Legislature: Reduce funding by \$2,566,800 (-\$2,409,600 FED and -\$157,200 PR) in 2013-14 and \$2,914,800 (-\$2,751,800 FED and -\$163,000 PR) in 2014-15 to reflect the impact of the federal Budget Control Act (BCA) sequestration reductions as shown in the following table:

Revised Program and Federal Revenue Estimates

	<u>Reestimate</u>		<u>Change to Governor</u>	
	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
Chafee Foster Care Independence Program Funding (FED)	\$33,900	\$33,900	\$0	\$0
Chafee Education and Training Vouchers Funding (FED)	-52,100	-63,200	-55,500	-66,600
Child Abuse Prevention and Treatment Act (CAPTA) Funding (FED)	2,700	2,700	-10,500	-10,500
CAPTA Training and Technical Assistance Funding (FED)	-37,900	-45,000	-35,900	-43,000
Child Welfare Education Collaboration (FED)	235,000	123,000	0	0
Abstinence Grant Funding (FED)	677,500	677,500	-46,600	-46,600
Methamphetamine Grant Funding (FED)	-500,000	-500,000	0	0
Family Connections Grant Funding (FED)	-116,000	-116,000	0	0
Domestic Abuse Funding (FED)	-152,100	-177,400	-160,900	-186,200
Home Visiting Funding (FED)	3,269,000	3,269,000	-301,000	-301,000
Title IV-B, Part 1 (FED)	-171,500	-248,200	-515,500	-592,200
Title IV-B, Part 2 (FED)	-211,600	-298,200	-346,800	-433,400
Title IV-E (FED)	76,000	76,000	0	0
Adoption Assistance Funding (FED)	-140,400	-140,400	0	0
American Recovery and Reinvestment Act Funding for the Early Care and Education Advisory Council (FED)	-200,000	-303,000	0	0
Race to the Top Funding (FED)	6,074,600	5,675,300	0	0
Community Services Block Grant Funding (FED)	-1,051,100	-1,175,100	-801,100	-925,100
Refugee Assistance Funding (FED)	-1,575,700	-1,587,100	-135,800	-147,200
Expiration of a Three-Year Grant for the Midwest Child Welfare Implementation Center (PR)	-100,000	-316,200	0	0
Income Augmentation Funds for eWiSACWIS (PR)	1,000,000	500,000	0	0
Income Augmentation Funds for Program Improvement Plan and Provider Rate Regulation Staff (PR)	-710,300	-710,300	0	0
Social Services Block Grant Operations Funding (PR)	-218,300	-235,500	-157,200	-163,000
Economic Support Information Technology Costs (PR)	-1,000,000	-1,000,000	0	0
General Administration Information Technology Costs (PR)	<u>1,800,000</u>	<u>1,800,000</u>	<u>0</u>	<u>0</u>
FED Total	\$6,160,300	\$5,203,800	-\$2,409,600	-\$2,751,800
PR Total	<u>\$771,400</u>	<u>\$38,000</u>	<u>-\$157,200</u>	<u>-\$163,000</u>
Total	\$6,931,700	\$5,241,800	-\$2,566,800	-\$2,914,800

4. OFFICE OF LEGAL COUNSEL STAFF

Governor/Legislature: Provide \$76,700 (\$64,900 GPR, -\$45,400 FED, and \$57,200 PR) in 2013-14, \$284,900 (\$86,500 GPR, \$122,200 FED, and \$76,200 PR) in 2014-15, and 1.0 GPR, 2.0 FED, and 1.0 PR positions, beginning in 2013-14, to support

2.0 FTE attorney positions and 2.0 FTE paralegal positions in the Office of Legal Counsel for child care fraud prevention and prosecution, legal activities for the Bureau of Milwaukee Child

	Funding	Positions
GPR	\$151,400	1.00
FED	76,800	2.00
PR	<u>133,400</u>	<u>1.00</u>
Total	\$361,600	4.00

Welfare (BMCW), and child care and child protective services rehabilitation reviews. These full-time positions would replace current project positions and LTEs, beginning October 1, 2013.

5. POSITION AND FUNDING REALIGNMENT [LFB Paper 181]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding Positions		Funding Positions		Funding Positions	
GPR	\$32,800	0.00	\$0	0.00	\$32,800	0.00
FED	- 981,600	- 1.04	0	- 0.08	- 981,600	- 1.12
PR	<u>124,200</u>	<u>1.04</u>	<u>0</u>	<u>0.08</u>	<u>124,200</u>	<u>1.12</u>
Total	- \$824,600	0.00	\$0	0.00	- \$824,600	0.00

Governor: Decrease funding by \$412,300 (\$16,400 GPR, -\$490,800 FED, and \$62,100 PR) annually, delete 1.04 FED positions and add 1.04 PR positions, beginning in 2013-14, to more accurately reflect the needs and organizational structure of DCF. Due to the realignment, expenditures in the child support enforcement program would be reduced by \$212,400 GPR annually. As a result, DCF would also lose federal matching funds for these child support expenditures of \$412,300 FED annually.

Joint Finance/Legislature: Reduce 0.08 FED positions and increase 0.08 PR positions to reflect that in the realignment of positions, 0.08 PR office operations associate position was reduced, but it should have been 0.08 FED position because the position was federally funded. In addition, transfer 0.50 GPR position authority from the children and families general program operations appropriation to the Milwaukee child welfare services; general program operations appropriation to accurately reflect the source of funding for the 0.50 position.

6. SHARING OF CONFIDENTIAL INFORMATION [LFB Paper 559]

Governor/Legislature: Authorize DCF to provide information regarding the recipient of kinship care payments or foster care payments, including information contained in electronic records, to the Department of Revenue (DOR) solely for the purposes of administering state taxes, including verifying a claim for a state tax refund or a refundable state tax credit, and collecting debts owed to DOR. Specify that the information received by DOR is covered by DOR's confidentiality requirements.

In addition, specify that data regarding aid to families with dependent children (AFDC), Wisconsin Works (W-2) and Wisconsin Shares, child and spousal support, and establishment of paternity and medical support liability disclosed to DOR under current law may be disclosed by transmitting or granting access to electronic data and may include social security numbers. Further, specify that DOR's purpose of using this information to administer state taxes may include verifying refundable individual income tax credits. Finally, authorize DOR to use this information to collect debts owed to DOR.

[Additional information regarding these provisions can be found under "Revenue -- Tax Administration"].

[Act 20 Sections: 940 and 1218]

7. CONVERT CONTRACTED STAFF TO PERMANENT STATE EMPLOYEES

	Funding	Positions
PR	- \$243,200	6.00

Governor/Legislature: Reduce funding by \$104,200 in 2013-14 and \$139,000 in 2014-15 and provide 6.0 FTE positions, beginning in 2013-14, to reflect savings from the conversion of contract staff in the Bureau of Information Technology Services to permanent state employees, beginning October 1, 2013.

Savings from the reduction of contracted staff (\$455,300 in 2013-14 and \$607,200 in 2014-15) would be partially offset by funding for salaries (\$242,100 in 2013-14 and \$322,800 in 2014-15) and fringe benefits (\$109,000 in 2013-14 and \$145,400 in 2014-15) for the following permanent positions: (a) 2.0 information systems supervisors; (b) 2.0 information systems development services administrators; and (c) 2.0 information systems development services specialists.

8. OFFICE OF INSPECTOR GENERAL

Joint Finance/Legislature: Require DCF to create an Office of Inspector General (OIG) to conduct fraud prevention, program integrity, and audit activities for all programs administered by DCF, including BMCW. Require the DCF Secretary to appoint the inspector general, and require the inspector general to report directly to the DCF Secretary. Require current DCF positions whose primary responsibility is associated with fraud prevention, program integrity, or audit activities, which would be identified in DCF's plan described below, be assigned to the OIG once the OIG has been implemented.

Provide \$145,000 GPR in 2013-14 and \$193,300 GPR in 2014-15 for the OIG, but place the funds in the Joint Committee on Finance's general purpose revenue funds general program supplementation appropriation. Require DCF to request these funds and submit a plan for the structure, implementation, and operation of the OIG to the Committee by January 1, 2014, under a 14-day passive review process.

Require the plan to include: (a) details, including before and after organization charts, on how DCF will reorganize and consolidate positions and funding to create the office; (b) a listing of DCF's current positions that would be included in the OIG, along with the funding amount, funding source, and the DCF program associated with each position; (c) details on how the OIG will interact with program staff to report, investigate, respond to, and prevent fraud in DCF's programs; (d) a timeline of when the changes would be implemented; and (e) the new appropriations that would fund only the costs associated with the office. Specify that DCF's plan could be implemented, and the requested funding received, only upon approval by the Committee.

Require DCF to consult with the Department of Health Services (DHS) regarding the best practices for creating and implementing the OIG, including how DCF could structure the OIG to ensure that the program integrity positions are involved in and updated on program changes.

The \$145,000 GPR in 2013-14 and \$193,300 GPR in 2014-15 would support 2.25 GPR positions, beginning in 2013-14, and generate matching funds of \$48,300 FED in 2013-14 and \$64,400 FED in 2014-15, which would support 0.75 FED positions, beginning in 2013-14. These 3.0 FTE positions would be created with release of the funds from the Committee's appropriation. The positions would include: (a) 1.0 senior auditor; (b) 1.0 auditor; and (c) 1.0 senior collections specialist.

[Act 20 Sections: 29, 40m, and 9106(1e)]

Children and Families

1. MILWAUKEE CHILD WELFARE [LFB Paper 185]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$13,654,600	-\$1,922,800	-\$15,577,400
FED	3,147,900	- 401,300	2,746,600
PR	<u>4,908,000</u>	<u>0</u>	<u>4,908,000</u>
Total	-\$5,598,700	-\$2,324,100	-\$7,922,800

Governor: Reduce funding by \$2,663,500 (-\$8,941,100 GPR, \$1,589,500 FED, and \$4,688,100 PR) in 2013-14 and by \$2,935,200 (-\$4,713,500 GPR, \$1,558,400 FED, and \$219,900 PR) in 2014-15 to reflect the projected costs of aids and operations expenses by the Bureau of Milwaukee Child Welfare (BMCW).

Milwaukee Child Welfare Aids. Reduce funding by \$3,050,600 (-\$9,328,200 GPR, \$1,589,500 FED and \$4,688,100 PR) in 2013-14 and by \$3,050,600 (-\$4,828,900 GPR, 1,558,400 FED, and \$219,900 PR) in 2014-15 to fund projected costs of aids expenses. The federal funding is available under Title IV-E of the federal Social Security Act and the temporary assistance for needy families (TANF) block grant. Program revenue consists of a portion of Milwaukee County's share of child welfare costs from a reduction in its shared revenue payments, federal substance abuse prevention and treatment block grant funds transferred from DHS and collections. [Collections are Supplemental Security Income (SSI), Social Security Administration (SSA) survivor and disability payments, and child support payments for children in out-of-home care that are collected and retained by the state to offset the costs of providing out-of-home care to those children.] Base funding for Milwaukee child welfare aids is \$108,693,200 (\$63,329,100 GPR, \$20,425,600 FED, and \$24,938,500 PR).

This item would: (a) provide accumulated one-time revenue from collections and correspondingly decrease GPR funding for BMCW aids (\$-3,000,000 GPR and \$3,000,000 PR in 2013-14); (b) replace GPR funding with an increase in the amount of shared revenue that Milwaukee County contributes to child welfare costs (-\$1,688,100 GPR and \$1,688,100 PR in 2013-14 and -\$219,900 GPR and \$219,900 PR in 2014-15); (c) replace GPR with an increase in federal Title IV-E funds (-\$699,100 GPR and \$699,100 FED in 2013-14 and -\$665,900 GPR and \$665,900 FED in 2014-15); (d) decrease funding for projected decreases in overall costs based on caseload and cost per placement averages from March, 2011, through May, 2012, for children in out-of-home care and for wraparound services (-\$3,941,000 GPR and -\$581,000 FED in 2013-14 and -\$3,943,100 GPR and -\$578,900 FED in 2014-15); and (e) increase Title IV-E funding for ongoing case management contracts and foster parent training (\$1,471,400 FED annually).

Milwaukee Child Welfare Operations. Provide \$387,100 GPR in 2013-14 and \$115,400 GPR in 2014-15 to fund BMCW operations. The additional funding would support: (a) one-time costs for furniture and moving (\$290,900 in 2013-14); and (b) an increase in rent (\$96,200 in 2013-14 and \$115,400 in 2014-15). Base funding for operations is \$17,926,500 (\$14,965,100 GPR, \$2,427,600 FED, and \$534,700 PR).

Joint Finance/Legislature: Reduce funding by \$2,081,100 (-\$1,704,600 GPR and -\$376,500 FED) in 2013-14 and \$243,000 (-\$218,200 GPR and -\$24,800 FED) in 2014-15 to reflect reestimates for wraparound services, assessment centers, and out-of-home care costs for foster homes, group homes, and residential care centers.

Funding for wraparound services would be increased by \$582,400 (\$545,100 GPR and \$37,300 FED) annually to reflect reestimates based on actual expenditures from May, 2012, through April, 2013. Funding for wraparound services would total \$9,522,100 annually. The wraparound program provides comprehensive services for families and children with significant complex mental health needs.

Funding for assessment centers would be reduced by \$122,300 (-\$97,300 GPR and -\$25,000 FED) annually to reflect estimates of the projected costs under new contracts in 2013-15. Funding for assessment centers would total \$1,403,100 annually.

Funding for out-of-home care costs for foster homes, group homes, and residential care centers would be reduced by \$2,541,200 (-\$2,152,400 GPR and -\$388,800 FED) in 2013-14 and \$703,100 (-\$666,000 GPR and -\$37,100 FED) in 2014-15 to reflect that average caseload and costs would increase by 2.5% in 2013-14 and by another 2.5% in 2014-15 from calendar year 2012 averages. Funding for these out-of-home care costs would total \$36,304,800 in 2013-14 and \$38,142,900 in 2014-15.

2. FOSTER CARE, ADOPTION ASSISTANCE, AND SUBSIDIZED GUARDIANSHIP
[LFB Papers 186 and 187]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$6,016,000	-\$4,260,400	\$1,755,600
FED	<u>- 2,354,100</u>	<u>- 3,662,300</u>	<u>- 6,016,400</u>
Total	\$3,661,900	-\$7,922,700	-\$4,260,800

Governor: Provide \$749,700 (\$2,447,100 GPR and -\$1,697,400 FED) in 2013-14 and \$2,912,200 (\$3,568,900 GPR and -\$656,700 FED) in 2014-15 to reflect reestimates, based on historical expenditures, of the amount of funding required to support foster care payments for children with special needs who are under the state's guardianship (but do not live in Milwaukee County), adoption assistance payments, and subsidized guardianship payments. [Funding for foster care payments DCF makes on behalf of children with special needs in Milwaukee County is budgeted as part of the BMCW budget.] Base funding for these programs is \$104,522,700 (\$53,801,400 GPR and \$50,721,300 FED). The federal funding is from Title IV-E of the federal Social Security Act.

The state serves as guardian for children with special needs following termination of parental rights. The state pays the costs of out-of-home placements for these children while they await adoption and makes adoption assistance payments to families who adopt children with special needs. Under the statewide subsidized guardianship program, the state makes subsidized guardianship payments to foster parents who become guardians of foster children. Prior to becoming subsidized guardians, counties, or DCF in Milwaukee County, make foster care payments to foster parents for out-of-home care costs.

Under current law, if a permanent adoptive placement is not in progress within two years of DCF receiving guardianship of a child with special needs, DCF may petition the court, or tribal court, to transfer custody to a county department, or Indian tribe.

The bill would specify that DCF must seek a permanent adoptive placement for the child or seek to enter into a subsidized guardianship agreement. The bill would authorize DCF to make subsidized guardianship payments for non-Milwaukee County children under these circumstances. Similar to current law, if a permanent adoptive or subsidized guardianship placement is not in progress within two years, then DCF could petition the court, or tribal court, to transfer legal custody to a county department, or Indian tribe.

Under current law, an agreement to provide adoption assistance may be made only for a child who, at the time of placement for adoption, is in the guardianship of DCF or another agency authorized to place children for adoption, in the guardianship of an American Indian tribal agency in the state, or in a subsidized guardianship placement. For children in foster care or subsidized guardianship care, payments for adoption assistance must equal the amount of the child's foster care or subsidized guardianship care payment at the time the agreement is signed, or a lesser amount if agreed to by the proposed adoptive parents and specified in the agreement. For children not in foster care or subsidized guardianship care, the payment must equal the

uniform foster care rate applicable to the child in effect at the time the agreement is signed, or a lesser amount if agreed to by the proposed adoptive parent.

The bill, instead, would require DCF to determine the amount of adoption assistance payments based on the circumstances of the adoptive family and the needs of the child in an amount that may not exceed the foster care or subsidized guardianship payment or uniform foster care rate applicable to the child, rather than equal to this amount. In terms of when an agreement to provide adoption assistance may be made, the bill would add that an agreement may be made for a child who, at the time of placement for adoption, is in the guardianship of a county department or is otherwise eligible for adoption assistance payments under federal law and would eliminate reference to a child who is in the guardianship of "other agency."

Under current law, DCF or a county department makes subsidized guardianship payments in an amount equal to the foster care payment received by the guardian of the child for the month immediately preceding the month in which the guardianship order was granted, or a lesser amount if agreed to by the guardian and specified in the agreement.

The bill, instead, would require DCF to determine a monthly subsidized guardianship payment based on the circumstances of the guardian and the needs of the child in an amount that may not exceed the foster care payment received in the month immediately preceding the month in which the guardianship order was granted, rather than equal to this amount. The bill would also specify that payments made by county departments may be made from their children and family aids allocations or, in the case of guardianships ordered by tribal courts, from the interagency and intra-agency aids; tribal placements and guardianships appropriation created under the bill.

The provisions related to adoption assistance and subsidized guardianship agreements are first applicable to agreements entered into or amended on the bill's effective date.

Joint Finance/Legislature: Reduce funding by \$3,882,600 (-\$2,097,800 GPR and -\$1,784,800 FED) in 2013-14 and by \$4,040,100 (-\$2,162,600 GPR and -\$1,877,500 FED) in 2014-15 to reflect reestimates of costs for state foster care, adoption assistance, and subsidized guardianship.

In addition, eliminate the provision that would have restricted adoption assistance payments to those children who are in the guardianship of a county department or are otherwise eligible for adoption assistance payments under federal law. This provision would have made private adoptions ineligible for adoption assistance payments. As a result, adoption assistance payments would continue to be provided for eligible children in private adoptions.

Finally, modify the statutory language regarding subsidized guardianship payments to specify that it is the *initial* subsidized guardianship payment that is set in an amount that does not exceed the foster care payment received in the month immediately preceding the month in which the guardianship order was granted.

[Act 20 Sections: 890, 891, 897, 930 thru 932, 941 thru 944, and 9306(3)]

3. CHILDREN AND FAMILY AIDS [LFB Paper 188]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,162,600	\$0	-\$1,162,600
FED	16,633,200	- 688,700	15,944,500
PR	<u>- 15,470,600</u>	<u>- 598,100</u>	<u>- 16,068,700</u>
Total	\$0	-\$1,286,800	-\$1,286,800

Governor: Maintain overall funding levels for children and family aids, but adjust revenue sources budgeted to support children and family aids by: (a) replacing GPR funding for the electronic Wisconsin statewide automated child welfare information system (eWiSACWIS) with federal Title IV-E funding (-\$581,300 GPR and \$581,300 FED annually); (b) replacing targeted case management (TCM) funding with federal Title IV-E funding (\$7,757,300 FED and -\$7,757,300 PR annually); and (c) replacing federal Title IV-E funding with additional social services block grant (SSBG) funding (-\$30,900 FED and \$30,900 PR in 2013-14 and -\$13,100 FED and \$13,100 PR in 2014-15). Base funding for children and family aids is \$67,071,200 (\$30,403,900 GPR, \$20,533,700 FED, and \$16,133,600 PR).

TCM funds are reimbursements under medical assistance (MA) for case management services that counties provide to children who are in out-of-home care and whose care is not eligible for reimbursement under Title IV-E of the Social Security Act. Costs for these services are initially paid with state and local funds that are federally reimbursable. Therefore, the state may use these funds for any purpose.

DHS will be implementing a new health care program for children and youth in foster care and other out-of-home care to improve the quality, timeliness, and access of health services for children and youth in out-of-home care. The foster care medical home (FCMH) program will offer comprehensive, coordinated services for children in foster care in the state. The targeted case management services that counties currently provide will be mostly replaced with the FCMH program. Therefore, once the FCMH program is operational, DCF anticipates a large reduction in TCM funds available for child welfare activities.

Joint Finance/Legislature: Reduce funding by \$613,600 (-\$320,000 FED and -\$293,600 PR) in 2013-14 and \$673,200 (-\$368,700 FED and -\$304,500 PR) in 2014-15 based on reestimates due to the reductions under the federal BCA sequestration.

4. FOSTER CARE RATES [LFB Paper 189]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$738,100	- \$67,100	\$671,000
FED	<u>242,300</u>	<u>- 22,000</u>	<u>220,300</u>
Total	\$980,400	-\$89,100	\$891,300

Governor: Provide \$163,100 (\$122,800 GPR and \$40,300 FED) in 2013-14 and \$817,300 (\$615,300 GPR and \$202,000 FED) in 2014-15 to fund a 2.5% increase in the uniform foster care rates, effective January 1, 2014, or on the bill's general effective date if later than January 1, 2014, and an additional 2.5% increase in the uniform foster care rates effective January 1, 2015.

Foster care basic maintenance payments are designed to reimburse a foster parent for the cost of a foster child's food, clothing, housing, basic transportation, and personal items. The payments are made by counties and tribes for children in out-of-home care or by DCF for children in Milwaukee County or in the state special needs adoption program's foster care program. The basic foster care rates under current law and under this item are shown in the following table:

Basic Monthly Maintenance Payments

	<u>Current Law</u>	<u>Governor's Recommendation</u>	
		<u>CY 2014</u>	<u>CY 2015</u>
Level One	\$220	\$226	\$232
Level Two and Above			
Under Age 5	\$366	\$375	\$384
Ages 5 thru 11	400	410	420
Ages 12 thru 14	455	466	478
Ages 15 and Over	475	487	499

Joint Finance/Legislature: Provide \$59,100 (\$44,500 GPR and \$14,600 FED) in 2013-14 and reduce funding by \$148,200 (-\$111,600 GPR and -\$36,600 FED) in 2014-15 to reflect a more recent estimate of the costs to increase foster care rates under the bill.

[Act 20 Sections: 929 and 9406(3e)]

5. KINSHIP CARE [LFB Papers 189 and 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$1,586,200	-\$55,800	-\$1,642,000

Governor: Reduce funding by \$793,100 FED annually to reflect estimates of the amount of funding that will be required to fully fund kinship care benefits during the 2013-15 biennium. These estimates include a decrease in funding for DCF to make kinship care benefit payments to caretakers in Milwaukee County (-\$1,161,500 annually) and an increase in funding for counties and tribes to make kinship care benefit payments to caretakers in non-Milwaukee counties and tribes (\$368,400 annually). Federal funding is from the TANF block grant. The estimates of the cost of funding projected caseloads are based on the average number of the following cases from June, 2011, through May, 2012: (a) TANF-funded cases; (b) cases on waiting lists; and (c)

county-funded cases. Base funding for kinship care is \$21,375,800 (\$19,850,100 for benefits and \$1,525,700 for assessments).

Modify the statutory TANF allocation for kinship care to eliminate any reference to foster care assistance and to specify that TANF-related funding for kinship care and long-term kinship care would be for kinship care payments, assessments to determine eligibility for those payments, and for agreements with governing bodies of Indian tribes for the administration of kinship care within the boundaries of the reservations of those tribes. Expand the sources of funding for kinship care to include the following TANF-related appropriations: (a) temporary assistance for needy families programs; maintenance of effort (GPR); (b) child care and temporary assistance overpayment recovery (FED); and (c) economic support - public benefits (SEG).

Under current law, counties pay, and in Milwaukee County DCF pays, a benefit of \$220 per month per child to kinship care relatives if: (a) there is a need for the child to be placed with the relative and the placement is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child in need of protection or services or a juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements.

Joint Finance/Legislature: Reduce funding by \$247,500 in 2013-14 and increase funding by \$191,700 in 2014-15 to reflect a: (a) reestimate based on caseload data from March, 2012, through February, 2013 (-\$487,100 annually); and (b) 2.5% increase in monthly kinship care payments on January 1, 2014, and another 2.5% increase on January 1, 2015 (\$239,600 in 2013-14 and \$678,800 in 2014-15). Monthly kinship care payments would be \$226 in CY 2014 and \$232 in CY 2015.

[Act 20 Sections: 373, 922 thru 924c, 1036, and 9406(3e)]

6. EXTENSION OF OUT-OF-HOME CARE [LFB Paper 190]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,092,700	- \$1,092,700	\$0
FED	<u>358,800</u>	<u>- 358,800</u>	<u>0</u>
Total	\$1,451,500	- \$1,451,500	\$0

Governor: Provide \$175,900 (\$132,400 GPR and \$43,500 FED) in 2013-14 and \$1,275,600 (\$960,300 GPR and \$315,300 FED) in 2014-15 to provide kinship care payments and long-term kinship care payments for persons 18 years of age or over, but under 21 years of age, who are full-time students in good academic standing at a secondary school or its vocational or technical equivalent if an individualized education program (IEP) is in effect and to provide foster care payments for persons 18 years of age or over, who are residing in a foster home or group home immediately prior to their 18th birthday, who continue to reside in that foster home or group home, are under 21 years of age, are full-time students at a secondary school or its

vocational or technical equivalent, and have an IEP in effect. Expand the definition of "child" in these programs to include these persons.

In addition, for a child that meets the above criteria, specify that kinship care and long-term kinship care payments end when the child reaches the age of 21. Under current law, payments may be made until the child reaches age 18, or age 19 if the child is a full-time student in good academic standing at a secondary school or its vocational or technical equivalent and who is reasonably expected to complete his or her program of study and be granted a high school or high school equivalency diploma.

Finally, under current law, for court orders that place a child or continue the placement of a child in a foster home, group home, or residential care center, change the placement of a child, extend the placement of child, relate to an unborn child in need of protection or services that is made before the child is born, or extend the expiration date of the original order, the order terminates, unless the judge specifies a shorter period of time or terminates the order sooner, on the latest of the following dates: (a) the date when the child reaches 18 years of age; (b) one year after the order was entered; or (c) when the child reaches 19 years of age if the child is a full-time student at a secondary school or its vocational or technical equivalent and is reasonably expected to complete the program before reaching age 19. The bill would add another date to the list to determine when to terminate the order: (d) when the child reaches 21 years of age if the child is a full-time student at a secondary school or its vocational or technical equivalent and if an IEP is in effect for the child.

An IEP is a written statement for a child with a disability, developed through an IEP team, that describes the child's present levels of academic achievement, specifically describes the services, accommodations, modifications, and supports that must be provided to the child, as well as a set of specified annual goals and benchmarks for the child. An IEP must be updated annually. Once a child turns 14 years of age, the IEP must include appropriate measurable postsecondary goals based upon age-appropriate transition assessments related to training, education, employment, and, where appropriate, independent living skills, as well as the transition services, including courses of study, needed to assist the child in reaching those goals. A child with a disability may be covered by an IEP until age 21 or the receipt of a high school diploma, whichever comes first. The bill would, for these children, extend kinship care and foster care payments until age 21 as long as the child is in high school or its vocational or technical equivalent and is in good academic standing.

Joint Finance/Legislature: Delete provision. Instead, place \$945,700 GPR in 2014-15 in the Joint Committee on Finance's general purpose revenue funds general program supplementation appropriation. Specify that these funds could only be used if separate legislation is enacted regarding the extension of out-of-home care to persons who are 18 years of age or older, but under 21 years of age, who were in out-of-home care prior to attaining 18 years of age, who are full-time students in good academic standing at a secondary school or its vocational or technical equivalent, and for whom an IEP is in effect. Specify that the separate legislation would be required to authorize these youth to continue in out-of-home care under a court order or under a voluntary agreement.

[Act 20 Section: 9124(1L)]

7. FOSTER CARE PLACEMENT CONTINUATION AND TRANSITION TO INDEPENDENT LIVING GRANTS

Governor/Legislature: Eliminate the statutory earmarks specified from the grants for children's community programs funding that DCF must distribute in each fiscal year for foster care placement continuation grants. Also, specify that beginning in 2013-14, a county is eligible to receive foster care placement continuation grants only if the county received such funding in 2012-13.

In addition, from the grants for children's community programs funding, require DCF to distribute at least \$231,700 in each fiscal year for transition to independent living grants. Specify that the purpose of these grants is to assist individuals who attain the age of 18 while residing in a foster home, group home, or residential care center for children and youth, or in the home of a relative other than a parent, to make the transition from out-of-home care to independent living. Specify that no county may use these funds to replace funds previously used by the county for this purpose.

Under current law, DCF is required to distribute up to \$497,200 GPR annually to supplement payments for the care of an individual who attains the age of 18 and who resided in a licensed foster home for at least two years immediately prior to attaining age 18 and, for at least two years, received payments for exceptional circumstances in order to avoid institutionalization so that the individual may live in a family home or other noninstitutional situation after attaining age 18.

In addition, under current law, foster care youth with disabilities may now transition into the Family Care program at age 18, which may meet the needs that the foster care placement continuation program is intended to address.

The bill would limit foster care placement continuation grants to counties that had received the grant in 2012-13, with no minimum amount that DCF must distribute. In addition, the bill would create a new grant, the transition to independent living grant, which would expand the purpose of the grants for children's community programs funding to include all youth who age out of the child welfare system and to include any services for the purpose of transitioning to independent living. The bill would require DCF to distribute at least \$231,700 annually for these grants.

[Act 20 Sections: 895 and 896]

8. TITLE IV-E WAIVER

Governor/Legislature: Authorize DCF to distribute the amount by which the Title IV-E waiver, granted by the federal Department of Health and Human Services (DHHS) on October 1, 2012, reduces the cost of providing out-of-home care for children in Milwaukee County in each fiscal year to county departments for services for children and families to prevent the reentry of children into out-of-home care. Modify the Milwaukee child welfare services; aids appropriation to authorize expenditures to non-Milwaukee counties for this purpose and rename the

appropriation the child welfare services; aids appropriation. Include this new appropriation as a fund source for children and family aids distributed to counties.

In order to reduce the rate of re-entry into out-of-home care, the BMCW contracts with local agencies currently require post-reunification services to be provided to families after reunification. With these additional services, DCF anticipates savings in out-of-home care costs greater than the amount expended for post-reunification services. These services are generally not eligible for matching funds under Title IV-E of the federal Social Security Act because one of the requirements to be eligible for Title IV-E funds is that the child must be in out-of-home care. Therefore, these services under the BMCW contracts are funded with state funds.

The federal Child and Family Services Improvement and Innovation Act of 2011 reauthorized DHHS to issue up to 10 Title IV-E waivers. Wisconsin applied for, and was granted, a waiver to implement the post-reunification services program statewide in order to demonstrate that post-reunification services would reduce overall child welfare costs by reducing re-entry into out-of-home care. The waiver allows the state to receive Title IV-E matching funds on post-reunification services. The waiver is cost-neutral in that DCF would spend funds on post-reunification services statewide in an amount equal to the savings that are achieved from reducing the out-of-home care re-entry rate.

[Act 20 Sections: 370, 819, 820, 916, and 918 thru 920]

9. CHILD PROTECTIVE SERVICES APPEALS [LFB Paper 191]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$99,100	- \$11,400	\$87,700

Governor: Provide \$99,100 in 2014-15 to implement a uniform appeals process for child protective services (CPS) appeals, beginning January 1, 2015.

Under current law, after receiving a report of child abuse or neglect, a county department of human/social services, DCF in Milwaukee County, or a licensed child welfare agency under contract with DCF must evaluate the report to determine whether there is a reason to suspect that abuse or neglect has occurred or is likely to occur. A determination must be made within 60 days after receipt of the report and must be based on a preponderance of the evidence produced by the investigation.

The bill would specify that this initial determination may include a determination that a specific person has abused or neglected a child. If the initial determination indicates that a specific person has abused or neglected a child, the county department, DCF, or licensed child welfare agency would have to provide the person with an opportunity for a review of that initial determination, in accordance with rules promulgated by DCF, before a final determination could be made that the person has abused or neglected a child.

The bill would then specify that within five days after the date of a final determination that

a specific person has abused or neglected a child, the county department, DCF, or a licensed child welfare agency would have to notify the person in writing of the final determination, the person's right to a contested case hearing on the final determination, and the procedures by which the person may receive that hearing. Contested hearings would be conducted by the Division of Hearings and Appeals in the Department of Administration (DOA).

The bill would specify that in order to receive a contested case hearing, the person would have to send a written request for a hearing to DCF within 10 days after the date of the written notice of the final determination. DCF would have to commence the hearing within 90 days after receipt of the request for the hearing, unless the hearing is rescheduled at the person's request or the hearing is held in abeyance pending the outcome of any criminal proceeding or proceeding related to children alleged to be in need of protection or services. DCF would have to issue the final decision within 60 days after the close of the hearing. Following the contested case hearing, any party to the proceeding could seek judicial review of the final administrative decision.

Under current state law, certain employers are prevented from hiring or employing a person who has a substantiated child abuse or neglect finding for certain types of care-giving positions. Federal courts have ruled that the states must offer individuals due process to appeal such a determination if the substantiation bars them from employment by law.

Also under current state law, once a determination is made that a specific person has abused or neglected the child, written notice of the determination, the right to appeal the determination, and the procedure by which to appeal the determination must be provided within 15 days of the determination. Each county is responsible for establishing its own appeals procedures according to municipal administrative procedures when employment or licensure may be affected.

The bill would transfer responsibility for CPS appeals from county departments, DCF, or licensed child welfare agencies to DOA, as described under Chapter 227 of the Wisconsin statutes, and have one uniform contested case hearing process for all CPS appeals. The funding provided under the bill would reimburse DOA for conducting the contested case hearings.

These provisions would first apply to written notices of the final determination issued on January 1, 2015.

Joint Finance/Legislature: Reduce funding by \$11,400 in 2014-15 to reflect that only six months of supplies and services funding is needed to fund CPS appeals, beginning January 1, 2015.

In addition, modify the bill to conform the caregiver background check requirements with the new CPS appeals process.

[Act 20 Sections: 936s, 936u, 938g, 938h, 945, 945c, 1229q thru 1229w, 9306(2), and 9406(2i)]

10. TRIBAL FAMILY SERVICES PROGRAM

Governor/Legislature: Create a tribal family services program that consolidates existing tribal services into one program. Create an annual GPR tribal family services grants appropriation that consolidates existing tribal services funding into one appropriation. Reduce funding in the following appropriations: (a) brighter futures initiative and tribal adolescent services by \$210,000 GPR annually to reflect elimination of funding for tribal adolescent services from this appropriation; (b) children and families aids payments appropriation by \$595,700 GPR annually to reflect elimination of funding for tribal child care (\$408,700 GPR) and tribal child welfare activities (\$187,000 GPR) from this appropriation; and (c) domestic abuse grants appropriation by \$466,200 GPR annually to reflect elimination of funding for tribal domestic abuse grants from this appropriation. In addition, change the name of the appropriation under (a) to eliminate reference to tribal adolescent services to reflect that this appropriation no longer includes tribal funds. Transfer these funds to the new tribal family services grants appropriation (\$1,271,900 GPR annually).

Authorize DCF to distribute tribal family services grants to elected governing bodies of the Indian tribes in the state and authorize an elected governing body that receives a grant to expend the funds for: (a) adolescent self-sufficiency; (b) high-risk adolescent pregnancy and parenthood prevention; (c) adolescent choices projects; (d) domestic abuse services; (e) child care; and (f) child welfare services.

Eliminate the following statutory earmarked amounts for specific tribal services under current law: (a) \$85,000 for adolescent self-sufficiency services; (b) \$65,000 for high-risk adolescents pregnancy and parenthood prevention; (c) \$60,000 for adolescent choices project grants; and (d) \$412,800 for tribal child care. Instead DCF would have the authority to determine how much would be distributed from the tribal family services grants appropriation for each of the purposes listed in the above paragraph.

For adolescent choices projects, specify that DCF must determine the boundaries of the "regions in the state within which the Indian tribes may provide services before approving the service area of an Indian tribe," rather than the boundaries of the "regional areas prior to soliciting project grant applications" under current law. Also, specify that prior to "approving the service area of an Indian tribe," DCF must consider whether and how the Indian tribe proposes to coordinate its services with other public or private resources, programs, or activities in the region and the state, rather than requiring DCF to "consider the tribal proposals prior to making grants to applying Indian tribes" under current law.

Remove "a federally recognized American Indian tribe or band" from the definition of "organization" for the receipt of a domestic abuse grant from DCF to provide domestic abuse services under current law. Instead, create the tribal domestic abuse services program as follows:

Require an elected governing body of an Indian tribe to provide matching funds or in-kind contributions in an amount to be determined by DCF for the receipt of a domestic abuse services grant. Require DCF to establish guidelines regarding the types of contributions that qualify as in-kind contributions.

Authorize an elected governing body of an Indian tribe to provide shelter facilities only if the Department of Safety and Professional Services determines that the physical plant of the facility will not be dangerous to the health or safety of the residents when the facility is in operation. Prohibit an elected governing body of an Indian tribe from providing shelter facilities or private home shelter care unless the following services will be provided by that Indian tribe or another person: (a) a 24-hour telephone service; (b) temporary housing and food; (c) advocacy and counseling for victims; (d) referral and follow-up services; (e) arrangements for education of school-age children; (f) emergency transportation to the shelter; and (g) community education.

Require an Indian tribe that provides domestic abuse services to report all of the following information to DCF by February 15 annually: (a) total expenditures that the Indian tribe made on domestic abuse services in the previous tribal fiscal year; (b) expenditures under (a) by general category of domestic abuse services provided; (c) number of persons served in the previous tribal fiscal year by general type of domestic abuse service; and (d) number of persons who were in need of domestic abuse services in the previous tribal fiscal year who did not receive the domestic abuse services that they needed.

Specify the following definitions:

"Domestic abuse" would mean physical abuse (including first, second, or third degree sexual assault) or any threat of physical abuse between adult family or adult household members, by a minor family or minor household member against an adult family or adult household member, by an adult against his or her adult former spouse, or by an adult against an adult with whom the person has a child in common.

"Domestic abuse services" would mean any of the following: (a) shelter facilities or private home shelter care; (b) advocacy and counseling for victims; (c) a 24-hour telephone service; or (d) community education.

"Family member" would mean a spouse, a parent, a child, or a person related by blood or adoption to another person.

"Household member" would mean a person currently or formerly residing in a place of abode with another person.

[Act 20 Sections: 369, 371, 898 thru 908, 917, and 1023]

11. TRIBAL HIGH-COST OUT-OF-HOME CARE PLACEMENTS

Governor/Legislature: Modify the name of the children and families "interagency and intra-agency local assistance" appropriation to the children and families "interagency and intra-agency aids; tribal placements and guardianships" appropriation. Specify that these funds may also be used for subsidized guardianship payments for guardianships of Indian children ordered by tribal courts.

Under current law, these funds may be used to reimburse tribes and county departments for unexpected or unusually high-cost out-of-home care placements of Indian children by tribal

courts. "Unusually high-cost out-of-home care placements" is defined as the cost to a tribe or to a county department of out-of-home care placements of Indian children by tribal courts that exceeds \$50,000 in a fiscal year. The bill would expand the use of these funds to include subsidized guardianship payments.

[Act 20 Sections: 372 and 892]

12. STATUTORY REFERENCES TO MILWAUKEE COUNTY

Governor/Legislature: Modify various statutory references to Milwaukee County as "a county with a population of 500,000 or more" to "a county with a population of 750,000 or more," as well as references to non-Milwaukee counties as counties with population less than 750,000, to ensure that provisions under current law related to child welfare services and other provisions under the Children's Code that are intended to apply only to Milwaukee County continue to apply only to Milwaukee.

[Act 20 Sections: 872 thru 880, 893, 894, 909 thru 915, 933, 934, and 2319 thru 2323]

13. DOMESTIC ABUSE GRANTS

GPR	\$1,500,000
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Joint Finance/Legislature: Increase funding by \$750,000 annually for domestic abuse grants to organizations in order to provide domestic abuse services, which includes shelter facilities or private home care, advocacy and counseling for victims, a 24-hour telephone service, and community education.

14. EXCHANGE OF INFORMATION

Joint Finance/Legislature: Authorize the confidential exchange of child welfare records, juvenile records, mental health treatment records, and patient health care records as follows:

Child Welfare Records. Current law allows DCF, a county department, a licensed child welfare agency, or a licensed child care center to exchange confidential information with another social welfare agency, a law enforcement agency, a public school, or a private school regarding an individual in its care or legal custody. This provision would also allow DCF, a county department, a licensed child welfare agency, or a licensed child care center to exchange confidential information with a health care provider. The health care provider would be subject to the same confidentiality requirements that apply to patient health care records.

Under current law, child welfare records and reports may be disclosed to an attending physician for purposes of diagnosis and treatment. This provision would expand current law to authorize child welfare records and reports to be disclosed to any health care provider for purposes of diagnosis and treatment.

Juvenile Records. Current law allows the Department of Corrections (DOC), a county department, or a licensed child welfare agency to exchange confidential information with another

social welfare agency, a law enforcement agency, the victim-witness coordinator, a fire investigator, a public school district, or a private school regarding an individual in its care or legal custody. This provision would also allow DOC, a county department, or a licensed child welfare agency to exchange confidential information with a health care provider. The health care provider would be subject to the same confidentiality requirements that apply to patient health care records.

Under current law, a law enforcement agency that obtains juvenile records must keep the information confidential. The provision specifies that the victim-witness coordinator and fire investigator are also subject to confidentiality requirements.

Mental Health Treatment Records. Under current law, mental health treatment records of an individual may be released without informed written consent to a county department, the sheriff, or police department in order to report or investigate suspected cases of child abuse or neglect. The treatment record holder may release the mental health treatment records information by initiating contact with a county department without first receiving a request for release of the record from a county department. This provision would also allow the release of the records to DCF or a licensed child welfare agency under contract with DCF or a county department and would allow the treatment record holder to release the records without a request for such records to DCF, a county department, a contracted licensed child welfare agency, a sheriff, or a police department for the same purposes as under current law.

Patient Health Care Records. Under current law, patient health care records must be released upon request, without informed consent, to a county department, a sheriff, police department, or district attorney for purposes of investigation of threatened or suspected child abuse or neglect or suspected unborn child abuse or for purposes of prosecution of alleged child abuse or neglect, if the person conducting the investigation or prosecution identifies the subject of the health record by name. This provision would allow the health records to also be released to DCF or a licensed child welfare agency under contract with DCF or a county department for the same purposes.

Current law allows a health care provider to release patient health care records by initiating contact with a county department, sheriff, police department, or district attorney without first receiving a request for release of the information. This provision would allow the health care provider to also release these records without first receiving a request to DCF or a licensed child welfare agency under contract with DCF or a county department.

Current law requires patient health care records to be released upon request, without informed consent, if the subject of the patient health care records is a child or juvenile who has been placed in a foster home, group home, residential care center for children and youth, or juvenile correctional facility, or for whom such placement is recommended, to the following: (a) an agency directed by a court to prepare a court report; (b) an agency responsible for preparing a court order; (c) an agency responsible for preparing a permanency plan; or (d) an agency that placed the child or juvenile or arranged for the placement of the child or juvenile. Any of these agencies may, in turn, release the records to any other of these agencies. Finally, an agency under (d) may, in turn, release the records to the foster parent or the operator of the group home,

residential care center, or juvenile correctional facility in which the child or juvenile is placed. This provision would require the records to also be released directly to the foster parent or the operator of the group home, residential care center, or juvenile correctional facility in which the child or juvenile is placed.

Termination of Parental Rights. Current law requires patient health care records to be released upon request, without informed consent, for purposes of investigation of threatened or suspected child abuse or neglect or suspected unborn child abuse or for purposes of prosecution of alleged child abuse or neglect. This provision would also require the patient's health care records to be released upon request, without informed consent, if the requester identifies the subject of the health care records by name, to: (a) a court conducting a termination of parental rights (TPR) proceeding; (b) DCF, a county department, a licensed child welfare agency under contract with DCF or a county department, district attorney, corporation counsel, or other appropriate official performing official duties relating to a TPR proceeding; or (c) the attorney or guardian ad litem for any party to the TPR proceeding for purposes of conducting, preparing for, or performing official duties relating to the TPR proceeding. This provision would specify that a person to whom a patient health care record or report is disclosed would not be allowed to further disclose the information, except for other purposes authorized under the law.

A health care provider may be a nurse, chiropractor, dentist, physician, physician assistant, perfusionist, respiratory care practitioner, physical therapist, podiatrist, dietician, athletic trainer, occupational therapist, occupational therapist assistant, optometrist, pharmacist, acupuncturist, psychologist, social worker, speech-language pathologist or audiologist, massage therapist, bodywork therapist, partnership of any of the aforementioned providers, corporation or limited liability company of any of the aforementioned providers, cooperative health care association, hospice, inpatient health care facility, community-based residential facility, or a rural medical center.

[Act 20 Sections: 939w, 945w, 1234q, 1900e thru 1900h, and 2336f]

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES [LFB Paper 195]

Governor: Table 1 shows the W-2 and TANF related revenue estimates and expenditures recommended by the Governor. Items that would be modified by the budget bill are addressed in detail in the entries that follow according to the item number listed in the right-hand column of the table.

Revenues Available for W-2 and TANF Related Programs

As shown, the administration estimates total revenues for W-2 and TANF related programs at \$663,389,500 in 2013-14 and \$619,661,300 in 2014-15. Overall, total revenues would

increase by \$53,054,600 in 2013-14 and \$9,326,400 in 2014-15 compared to the amount available in 2012-13. The increase primarily reflects one-time funding from stimulus TANF emergency funds under the federal American Recovery and Reinvestment Act and from TANF contingency funds available during economic downturns. These funds are included in the large TANF carryover amount in the table.

State funding would include \$174,745,400 (\$160,373,800 GPR, \$5,231,900 PR, and \$9,139,700 SEG) in 2013-14 and \$174,488,600 (\$160,373,800 GPR, \$4,975,100 PR, and \$9,139,700 SEG) in 2014-15. The program revenue includes the state's share of AFDC overpayment recoveries, child support collections that are assigned to the state by public assistance recipients, child care licensing fees, and the social services block grant (SSBG) funding transferred from DHS. The segregated revenue is from DOA's public benefits funding.

Federal funding is estimated at \$488,644,100 in 2013-14 and \$445,172,700 in 2014-15. Federal funds include monies from the TANF block grant, the child care development block grant (CCDBG), recoveries of overpayments to W-2 recipients, and carryover of the ending TANF balance from 2012-13.

It should be noted that Congress has extended the TANF program until March 27, 2013, at the same funding levels. The budget bill assumes the federal TANF program would continue beyond that date at the same funding levels through the 2013-15 biennium.

Expenditures for W-2 and TANF Related Programs

Under the Governor's recommendations, overall expenditures for W-2 and TANF related programs would be \$622,881,000 in 2013-14 and \$619,404,000 in 2014-15. These amounts include all funds, and represent an increase from the base budget of \$7,072,200 in 2013-14 and \$3,595,200 in 2014-15. The changes in funding represent reestimates, increased funding for some existing programs, funding for one new program, and decreased funding for other existing programs, which are described in the entries below. Expenditures include: W-2 contracts and cash grants; a new Transform Milwaukee Jobs Program; child care subsidies; benefits for the kinship care program, the caretaker supplement, and emergency assistance; state administration and other support services; grants to the Boys and Girls Clubs; and expenditures for other programs.

Federal law allows the state to carry forward unexpended TANF funding without fiscal year limitation. The projected TANF balance at the end of the 2013-15 biennium would be \$257,300, which could be carried over into the 2015-17 biennium.

Joint Finance/Legislature: Table 2 shows the W-2 and TANF related revenue estimates and expenditure changes made by the Legislature.

As shown, total revenues for W-2 and TANF related programs are estimated at \$667,630,100 in 2013-14 and \$625,135,200 in 2014-15. Compared to the Governor's proposal, these numbers represent an increase of \$4,240,600 in 2013-14 and \$5,473,900 in 2014-15. These increases reflect reestimates of the TANF block grant, the CCDBG, and the amount of the TANF balance carried over from 2012-13 into 2013-14.

Overall expenditures for W-2 and TANF related programs would be \$622,325,200 in 2013-14 and \$620,826,300 in 2014-15. Compared to the Governor's recommendations, these amounts represent a decrease of \$555,800 in 2013-14 and an increase of \$1,422,300 in 2014-15. Overall expenditures are similar to the Governor's proposal (an increase of \$866,500 over the biennium). However, changes were made to individual items described in the entries below. The biggest changes are a reduction in TANF funding for the earned income tax credit and an increase in funding for W-2 benefits, as shown in Table 2.

There would be an estimated balance in TANF funding of \$4,308,900 on June 30, 2015, which could be carried over into the 2015-17 biennium.

TABLE 1

W-2 and TANF Related Revenues and Expenditures Under the Governor's Budget Bill

	2013-14	2014-15	Change to Base		Item #
			2013-14	2014-15	
Revenues					
State General Purpose Revenue in DCF (GPR)	\$160,373,800	\$160,373,800	\$5,100	\$5,100	20
TANF Carryover (FED)	83,979,900	40,508,500	52,339,500	8,868,100	
TANF Block Grant (FED)	313,616,200	313,616,200	0	0	
Child Care Block Grant (FED)	86,761,400	86,761,400	-656,600	-656,600	
Overpayment Recoveries (FED)	4,286,600	4,286,600	756,600	756,600	
Child Support Collections (PR)	3,228,200	3,010,800	445,200	227,800	20
Child Care Licensing Fees (PR)	1,703,700	1,703,700	165,800	165,800	20
AFDC Overpayment Recoveries (PR)	200,000	160,600	0	-39,400	20
SSBG from DHS (PR)	100,000	100,000	0	0	
W-2 Agency Filing Fees (PR)	0	0	-1,000	-1,000	20
Public Benefits Fund (SEG)	9,139,700	9,139,700	0	0	
Total	\$663,389,500	\$619,661,300	\$53,054,600	\$9,326,400	
Expenditures					
<i>W-2 Agency Contracts and Benefits</i>					
Benefits	\$72,131,500	\$64,294,000	-\$12,931,400	-\$20,768,900	2
Administration	10,107,200	10,107,200	0	0	
Services	47,479,300	48,229,300	250,000	1,000,000	3, 4
<i>Other TANF Employment Programs</i>					
Transform Milwaukee Jobs Program	3,750,000	5,000,000	3,750,000	5,000,000	7
<i>Child Care</i>					
Direct Child Care Subsidies	272,976,700	273,156,500	-15,737,400	-15,557,600	7, 10, 12
Child Care State Administration and Licensing	30,240,600	32,305,700	761,300	2,826,400	11, 13, 15
Quality and Availability Programs	13,095,800	13,095,800	-73,600	-73,600	12, 14
<i>Other Benefits</i>					
Kinship Care	20,582,700	20,582,700	-793,100	-793,100	*
Caretaker Supplement for Children of SSI Recipients	33,688,000	33,688,000	2,455,800	2,455,800	16
Emergency Assistance	7,500,000	7,500,000	1,500,000	1,500,000	17
<i>Administrative Support</i>					
State Administration	12,775,600	12,891,200	-259,400	-143,800	7, 15
Fraud Prevention/Program Integrity	605,500	605,500	0	0	
<i>Other Support Services</i>					
Children First	1,140,000	1,140,000	0	0	
<i>Grant Programs</i>					
Boys and Girls Clubs	1,500,000	1,500,000	1,150,000	1,150,000	18
<i>Expenditures in Other Programs</i>					
Earned Income Tax Credit	70,664,200	70,664,200	27,000,000	27,000,000	19
Social Services Block Grant	15,443,200	15,443,200	0	0	
Child Welfare Safety Services	7,711,100	7,711,100	0	0	
Child Welfare Prevention Services	1,489,600	1,489,600	0	0	
Total Expenditures	\$622,881,000	\$619,404,000	\$7,072,200	\$3,595,200	
Ending Balance	\$40,508,500	\$257,300			

*Entry for Kinship Care is included under the "Children and Families -- Children and Families" Section.

TABLE 2

W-2 and TANF Related Revenues and Expenditures -- Legislature

	2013-14	2014-15	Change to Governor		Item #
			2013-14	2014-15	
Revenues					
State General Purpose Revenue in DCF (GPR)	\$160,373,800	\$160,373,800	\$0	\$0	20
TANF Carryover (FED)	86,985,400	45,304,900	3,005,500	4,796,400	
TANF Block Grant (FED)	313,861,100	313,861,100	244,900	244,900	
Child Care Block Grant (FED)	87,751,600	87,194,000	990,200	432,600	
Overpayment Recoveries (FED)	4,286,600	4,286,600	0	0	
Child Support Collections (PR)	3,228,200	3,010,800	0	0	20
Child Care Licensing Fees (PR)	1,703,700	1,703,700	0	0	20
AFDC Overpayment Recoveries (PR)	200,000	160,600	0	0	20
SSBG from DHS (PR)	100,000	100,000	0	0	
W-2 Agency Filing Fees (PR)	0	0	0	0	20
Public Benefits Fund (SEG)	<u>9,139,700</u>	<u>9,139,700</u>	<u>0</u>	<u>0</u>	
Total	\$667,630,100	\$625,135,200	\$4,240,600	\$5,473,900	
Expenditures					
<i>W-2 Agency Contracts and Benefits</i>					
Benefits	\$82,014,000	\$72,696,000	\$9,882,500	\$8,402,000	2
Administration	10,107,200	10,107,200	0	0	
Services	47,479,300	48,229,300	0	0	3, 4
<i>Other TANF Employment Program</i>					
Transform Milwaukee Jobs Program	3,750,000	5,000,000	0	0	7
<i>Child Care</i>					
Direct Child Care Subsidies	271,400,200	274,734,000	-1,576,500	1,577,500	7, 10, 12
Child Care State Administration and Licensing	29,419,000	29,799,500	-821,600	-2,506,200	11, 13, 15
Quality and Availability Programs	13,095,800	13,095,800	0	0	12, 14
Child Care EBT System Funding In Finance	300,000	2,000,000	300,000	2,000,000	11
<i>Other Benefits</i>					
Kinship Care	20,335,200	20,774,400	-247,500	191,700	*
Caretaker Supplement for Children of SSI Recipients	33,688,000	33,688,000	0	0	16
Emergency Assistance	7,500,000	7,500,000	0	0	17
<i>Administrative Support</i>					
State Administration	12,697,100	12,812,700	-78,500	-78,500	7, 15
Fraud Prevention/Program Integrity	605,500	605,500	0	0	
<i>Other Support Services</i>					
Children First	1,140,000	1,140,000	0	0	
<i>Grant Programs</i>					
Boys and Girls Clubs	1,250,000	1,100,000	-250,000	-400,000	18
Wisconsin Community Services	400,000	400,000	400,000	400,000	22
<i>Expenditures in Other Programs</i>					
Earned Income Tax Credit	62,500,000	62,500,000	-8,164,200	-8,164,200	19
Social Services Block Grant	15,443,200	15,443,200	0	0	
Child Welfare Safety Services	7,711,100	7,711,100	0	0	
Child Welfare Prevention Services	<u>1,489,600</u>	<u>1,489,600</u>	<u>0</u>	<u>0</u>	
Total Expenditures	\$622,325,200	\$620,826,300	-\$555,800	\$1,422,300	
Ending Balance	\$45,304,900	\$4,308,900			

*Entry for Kinship Care is included under the "Children and Families -- Children and Families" section.

2. WISCONSIN WORKS CASH BENEFITS [LFB Paper 196]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$33,700,300	\$18,284,500	-\$15,415,800

Governor: Reduce funding by \$12,931,400 in 2013-14 and \$20,768,900 in 2014-15 for payments to W-2 participants in subsidized employment positions, caretaker of newborn infant grants, and at-risk pregnant women grants under current law. Benefits funding for the program would total \$72,131,500 in 2013-14 and \$64,294,000 in 2014-15.

The administration anticipates that W-2 caseloads and benefit expenditures will decline at the rate of 1% per month during the 2013-15 biennium, with a starting monthly caseload of 12,686 in July, 2013, and an ending monthly caseload of 10,068 in June, 2015. The average monthly caseload in 2013-14 would be approximately 12,000. The average monthly caseload in 2014-15 would be approximately 10,600. The W-2 paid caseload was 13,636 in November, 2012, and was 13,542 in December, 2012, a decline of 0.7%.

In addition, modify current law to reflect that W-2 benefits are no longer part of the W-2 agency contracts by: (a) eliminating a requirement that W-2 agencies return to DCF an amount equal to the total amount of benefits withheld for W-2 participants for missed work or education and training activities; (b) eliminating references regarding the payment of monthly benefits for community service jobs, technical college placements, and transitional placements by W-2 agencies; and (c) specifying that DCF, or an entity contracting with DCF, must pay pro-rated W-2 benefits for community service job placements depending on the number of hours per week the participant is placed in the job. As a result, DCF, or an entity contracting with DCF, will make W-2 benefits payments for W-2 participants in subsidized employment positions, caretaker of newborn infant grants, and at-risk pregnant women grants.

Joint Finance/Legislature: Provide \$9,882,500 in 2013-14 and \$8,402,000 in 2014-15 for W-2 benefits to reflect a reestimate of W-2 cash benefits under current law. W-2 benefits funding would total \$82,014,000 in 2013-14 and \$72,696,000 in 2014-15. In addition, prohibit DCF from implementing an electronic benefit transfer (EBT) system for the payment of W-2 benefits unless approved by the Joint Committee on Finance, discussed in further detail in Item #11 below "Child Care Provider EBT System."

[Act 20 Sections: 951 thru 952m, 960, 983 thru 986, and 1025]

3. TRIAL EMPLOYMENT MATCH PROGRAM JOBS [LFB Paper 197]

Governor: Replace the trial jobs employment position under W-2 with the trial employment match program (TEMP), beginning October 1, 2013, or on the bill's effective date, whichever is later.

Require all provisions under current law for the trial jobs employment position to be

retained by the new TEMP jobs, except for two modifications regarding the amount of the wage subsidy and the requirements of a participating employer once the TEMP job ends.

First, require a W-2 agency to pay a wage subsidy to an employer that employs a TEMP participant in an amount that is negotiated between the W-2 agency and the employer. However, require the amount negotiated to be at least the applicable state or federal minimum wage (currently \$7.25 per hour) for each hour that the participant actually works, up to a maximum of 40 hours per week. In addition to the wage subsidy, authorize the W-2 agency to negotiate reimbursement to the employer for all or a portion of other costs that are attributable to the employment of the TEMP participant, including any of the following: (a) federal social security and Medicare taxes; (b) state and federal unemployment contributions or taxes; and (c) worker's compensation insurance premiums.

Under the current trial jobs employment position, a W-2 agency must pay an employer not more than \$300 per month, which is pro-rated downward if the participant works less than 30 hours per week.

Second, require an employer that employs a TEMP participant and receives a negotiated wage subsidy to agree to make a good faith effort to retain the participant as a permanent unsubsidized employee after the wage subsidy ends. Specify that the employer would not be required to actually retain the participant. In addition require an employer to agree that if the participant is not retained after the wage subsidy ends, the employer will either serve as an employment reference for the participant or provide to the W-2 agency a written performance evaluation of the participant, including recommendations for improvement.

Under the current trial jobs employment position, an employer must only agree to make a good faith effort to retain the participant as a permanent unsubsidized employee after the wage subsidy is terminated.

These provisions would first apply to W-2 participants who are placed in a TEMP job on October 1, 2013, or on the bill's effective date, whichever is later.

Joint Finance/Legislature: Specify that the trial jobs employment position under W-2 would be replaced with the TEMP jobs employment position beginning January 1, 2014.

[Act 20 Sections: 954 thru 959, 961 thru 972, 975, 976, 978, 982, 1021, 1332, 1334, 1384, 1386, 1420, 1422, 1469, 1713, 2074, 9306(1), and 9406(1)]

4. **NONCUSTODIAL PARENTS** [LFB Paper 198]

FED	\$1,250,000
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Governor: Provide \$250,000 in 2013-14 and \$1,000,000 in 2014-15 for the W-2 agency contracts in order to expand services to noncustodial parents under the W-2 program.

Eligible Noncustodial Parents. Specify that an individual who would be eligible for W-2 except that the individual is a noncustodial parent of a dependent child is eligible for some W-2 services and W-2 benefits if the individual is subject to a child support order and if the custodial

parent of the dependent child: (a) is receiving case management services under W-2; (b) is participating in a W-2 employment position; (c) is receiving a caretaker of newborn infant or an at-risk pregnant woman grant; or (d) is receiving a child care subsidy under Wisconsin Shares.

Services and Benefits. Specify that an eligible noncustodial parent is eligible for placement in a TEMP job, which is described in the "Trial Employment Match Program Jobs" entry above.

Authorize a W-2 agency to provide to an eligible noncustodial parent: (a) job search assistance and case management designed to enable the individual to obtain and retain employment; (b) placement in one TEMP job under W-2; or (c) a stipend in an amount determined by the W-2 agency for a maximum of four months. Specify that the stipend ends if the individual is placed in a TEMP job or obtains unsubsidized employment.

Finally, specify that any noncustodial parent, who is otherwise eligible for W-2, is eligible to receive a job access loan.

Joint Finance/Legislature: Specify that the expansion of services to noncustodial parents under the W-2 program would begin January 1, 2014.

[Act 20 Sections: 973, 981, 1015 thru 1020, and 9406(5L)]

5. JOB ACCESS LOANS

Governor/Legislature: Modify the job access loan program to include the TANF block grant aids appropriation as a funding source for these loans, to include job access loans in the W-2 agency contracts statutory TANF allocation, and to eliminate the requirement that DCF promulgate rules that establish the method of loan disbursement. Under current law, new job access loans are funded with repayments of existing job access loans and from DOR collections of delinquent loan repayments.

Individuals who meet the nonfinancial and financial eligibility requirements for participation in a W-2 employment position may be eligible for a job access loan if the individual: (a) needs the loan to address an immediate and discrete financial crisis that is not the result of the individual's failure to accept a bona fide job offer or the individual's termination of a job without good cause; (b) needs the loan to obtain or continue employment or to repair or purchase a vehicle that is needed to obtain or continue employment; (c) is not in default with respect to the repayment of any previous job access loan or repayment of any W-2 grant or wage overpayments; and (d) is not a migrant worker. Loans range in amount from \$25 to \$1,600 in any 12-month period. The W-2 agency determines a minimum monthly repayment amount. At least 25% of the loan amount must be repaid in cash. The remaining 75% may be repaid in cash or through a combination of cash and volunteer in-kind community work approved by the W-2 agency.

[Act 20 Sections: 979, 980, and 1026]

6. ELIMINATE THE SUBSIDIZED PRIVATE SECTOR EMPLOYMENT POSITION

Governor/Legislature: Eliminate the subsidized private sector employment position under W-2, beginning October 1, 2013, or on the bill's effective date, whichever is later.

Provisions of 2009 Wisconsin Act 28 created a new W-2 employment position, the subsidized private sector employment position, which would pay a participant state or federal minimum wage, whichever is higher. Participants would work in projects that DCF determined would serve a useful public purpose or projects where the cost is partially or wholly offset by revenue generated from such projects. This W-2 employment position could have become operational only if the cost for a participant did not cost more than the cost for a community service job participant, the cash flow to the participant (including the advance payment of any tax credit) was not less than a community service job participant, and to the extent allowed under federal law.

The subsidized private sector employment position was never implemented.

[Act 20 Sections: 977, 987, and 9406(1L)]

7. TRANSFORM MILWAUKEE JOBS PROGRAM [LFB Paper 199]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
FED	\$11,186,900	1.00	-\$1,239,200	0.00	\$9,947,700	1.00

Governor: Provide \$4,506,200 in 2013-14, \$6,680,700 in 2014-15, and 1.0 FTE position, beginning in 2013-14, to establish the transform Milwaukee jobs program for low-income adults in Milwaukee County. Of these amounts: (a) \$75,000 in 2013-14 and \$91,100 in 2014-15 would support 1.0 position, beginning in 2013-14, to administer the program in DCF; (b) \$681,200 in 2013-14 and \$1,589,600 in 2014-15 would provide funding for child care subsidies under the Wisconsin Shares program for participants who needed child care; and (c) \$3,750,000 in 2013-14 and \$5,000,000 in 2014-15 would support wage subsidies and other reimbursements to employers who participate in the program.

Duration and Employer of Record. Authorize an individual to participate in the program for a maximum of 1,040 hours. Require DCF to determine and specify in a contract whether a contractor (described below under "Contract for Administration") or an employer is the individual's employer of record. Require the employer of record to pay the individual for hours actually worked at not less than the federal or state minimum wage that applies to the individual.

Authorize DCF to set priorities for the program consistent with its mission and funding.

Wage Subsidies and Other Reimbursements. Authorize DCF to reimburse an employer or contractor for a minimum of 20 hours per week, at a location in the state, for any of the

following costs that are attributable to the employment of the individual under the program: (a) a wage subsidy equal to the amount of wages that the employer or contractor pays to the individual for hours actually worked, not to exceed 40 hours per week at the federal or state minimum wage that applies to the individual; (b) federal social security and Medicare taxes; (c) state and federal unemployment contributions or taxes, if any; and (d) worker's compensation insurance premiums, if any.

In addition, authorize the employer or, subject to DCF's approval, contractor to pay an individual an amount that exceeds the wage subsidy.

Eligibility for Individuals. Require an individual to satisfy the following criteria in order to be eligible to participate in the transform Milwaukee jobs program: (a) be at least 18 years of age; (b) if over age 24, be a biological or adoptive parent of a child under age 18 whose parental rights to the child have not been terminated or be a relative and primary caregiver of a child under age 18; (c) have an annual household income below 150% of the poverty line; (d) be unemployed for at least four weeks; (e) be ineligible to receive unemployment insurance benefits; and (f) not be participating in a W-2 employment position.

In addition, for individuals who are transitioning from foster care to independent living, require household income to be based on the individual's own income over a period of time determined by DCF. Prohibit inclusion of the income of the individual's foster parents in determining the household income.

Authorize DCF to establish additional eligibility criteria consistent with its mission and the funding available.

Contract for Administration. Authorize DCF to contract with any person to administer the transform Milwaukee jobs program, including a W-2 agency, a county department, a local workforce development board, or a community action agency. Require DCF, or an agency or agencies under contract with DCF, to do all of the following: (a) determine the eligibility of applicants for the program; (b) provide, or identify employers to provide, jobs for individuals transitioning to unsubsidized employment from unemployment, underemployment, limited work history, foster care, or other circumstances identified by DCF; (c) conduct job orientation activities; (d) provide employment services, as specified by DCF, for program participants; and (e) maintain and update participant demographic, eligibility, and employment records in the manner required by DCF.

Limitations. Prohibit the employment of an individual from having the effect of filling a vacancy created by an employer terminating a regular employee or otherwise reducing its work force for the purpose of hiring an individual under this program, filling a position when any other person is on layoff or strike, or engaged in a labor dispute regarding, the same or a substantially equivalent job within the same organizational unit.

Eligibility for Wisconsin Shares. Specify that participation in the transform Milwaukee jobs program is an eligible activity for which an individual may receive a child care subsidy.

Overpayment Recovery. Authorize DCF to recover from any individual participating, or

who has participated, in the transform Milwaukee jobs program any overpayment resulting from a misrepresentation regarding the eligibility criterion made by the individual.

Require DCF to recover any overpayment from a contractor that results from the failure of the contractor to comply with the terms of the contract or to meet performance standards established by DCF.

Exemption from the Rules Process. Specify that DCF need not promulgate regulations, standards, or policies related to implementing or administering the transform Milwaukee program under the standard rules process.

Joint Finance/Legislature: Reduce funding by \$337,800 in 2013-14 and \$901,400 in 2014-15 for child care subsidies under the Wisconsin Shares program for transform Milwaukee jobs program participants to reflect that fewer participants would need child care services. Given the level of funding for the program and the cost per participant, the transform Milwaukee jobs program would serve fewer participants than initially anticipated. Funding for child care subsidies for transform Milwaukee jobs program participants would total \$343,400 in 2013-14 and \$688,200 in 2014-15.

[Act 20 Sections: 989, 1022, and 1030]

8. ELIMINATE THE REAL WORK, REAL PAY PILOT PROJECT

Governor/Legislature: Eliminate the statutory language regarding the real work, real pay (RWRP) pilot project created under 2007 Wisconsin Act 20, on October 1, 2013, or on the bill's effective date, whichever is later. The RWRP pilot project, limited to 100 W-2 participants, began on June 1, 2008, and ended on December 31, 2009.

The RWRP pilot project was similar to the trial jobs employment position under W-2, but instead of a monthly wage subsidy of \$300, W-2 agencies were required to reimburse participating employers an amount that did not exceed the federal minimum wage for 30 hours of work each week and up to 100% of all of the following costs related to the W-2 participant's employment: (a) federal social security taxes; (b) state and federal unemployment contributions or taxes, if any; and (c) worker's compensation insurance premiums, if any. In addition, rather than just agree to make a good faith effort to retain the participant once the wage subsidy ended, the employer was required to serve as an employment reference or provide DCF with a written performance evaluation of the W-2 participant, including recommendations for improvement.

[Act 20 Sections: 974, 1041 thru 1043, 1334 thru 1338, 1386 thru 1390, 1422 thru 1426, 1469 thru 1473, 1992, 2074, and 9406(1)]

9. ELIMINATE THE WORKFORCE ATTACHMENT AND ADVANCEMENT PROGRAM

Governor/Legislature: Eliminate the workforce attachment and advancement program, which required DCF to distribute funds to W-2 agencies and to local workforce development

boards to provide to TANF-eligible persons the following services: (a) job readiness training and job placement services to unemployed persons; (b) basic job skills development to unemployed or recently employed persons; (c) services to assist recently employed persons with job retention; (d) incumbent worker training to promote job advancement and increased earnings; and (e) services to employers to assist them in retaining workers and providing workers with position advancement. Funding for this program was eliminated under 2003 Wisconsin Act 33.

[Act 20 Sections: 1024 and 9406(1L)]

10. CHILD CARE SUBSIDY PROGRAM [LFB Paper 200]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	- \$34,721,500	\$1,240,200	- \$33,481,300

Governor: Reduce funding by \$16,766,300 in 2013-14 and \$17,955,200 in 2014-15 to reflect a current law reestimate of direct child care subsidies under the Wisconsin Shares program, including funding for child care subsidies, local administration, on-site child care at job centers and counties, migrant child care, as well as \$1,000,000 in 2014-15 to increase funding for child care provider reimbursement rates. The reestimate is based on current and estimated caseloads, subsidy amounts, and adjustments under YoungStar, the state's quality rating and improvement system. Base funding for Wisconsin Shares is \$288,714,100.

With the transform Milwaukee jobs initiative and the proposed 5% increase for four-star child care providers, described in separate entries, funding for the Wisconsin Shares program under the bill would total \$272,976,700 in 2013-14 and \$273,156,500 in 2014-15.

In addition, modify the Wisconsin Shares program with respect to child care provider reimbursement rates, copayments, and payments to out-of-state child care providers.

Provider Reimbursement Rates. Modify how child care provider reimbursement rates are determined. First, eliminate any requirement that a county department, child care agency, or a child care provider services unit in Milwaukee County annually perform a survey of market child care rates, as directed by DCF, and determine maximum reimbursement rates, if DCF so directs.

Second, require DCF, and not a county department subject to DCF's review, to establish maximum payment rates for licensed child care providers, Level I certified family child care providers, and Level II certified family child care providers for child care services provided under Wisconsin Shares. Require DCF to set rates for licensed child care providers so that at least 75% of the number of places for children within the licensed capacity of all child care providers can be purchased by eligible individuals under Wisconsin Shares, rather than requiring 75% of the number of places for children within the licensed capacity of all child care providers in that county to be purchased at or below that maximum rate. As under current law, require the maximum payment rates to be set at 75% of the rate set for licensed child care providers for

Level I certified family child care providers and at 50% of the rate set for licensed child care providers for Level II certified family care providers. As a result of these changes, child care provider reimbursement rates would no longer be tied to a specific county, and DCF would have discretion as to how child care provider reimbursement rates would be established.

Finally, it should be noted that the statutory freeze on child care provider reimbursement rates in place since 2006 would not be extended beyond June 30, 2013.

Copayments. Specify that individuals receiving a child care subsidy are liable for the difference, if any, between the cost of the child care from the provider or providers selected by the individual and the subsidy amount. Require DCF to specify minimum or estimated copayment amounts based on family size, income level, and other factors. Specify that the schedule of minimum or estimated copayment amounts be available in electronic form on DCF's internet site and in paper form.

Under current law, an individual is liable for the percentage of the cost of child care specified by DCF in a printed copayment schedule.

Specify that a teen parent attending high school or participating in a course of study for the granting of a declaration of equivalency to high school graduation may not be liable for more than the minimum copayment amount for the type of child care received and the number of children receiving child care. Specify that DCF's current authority to modify copayments as part of its cost-saving measures is subject to this provision. As a result, DCF would be prohibited from requiring these teen parents from paying more than the minimum copayment.

Out-of-State Child Care Providers. Authorize an eligible individual to receive a child care subsidy for care that is provided by an out-of-state provider. Require payments for out-of-state child care providers to be based on the maximum rate applicable in the county in which the eligible individual resides or on the out-of-state provider's actual rate, whichever is lower.

Subject an out-of-state child care provider to, and require compliance with, the provisions and rules related to Wisconsin Shares that apply to a child care provider, as determined by DCF, in order to receive payment under Wisconsin Shares for child care services provided to an individual who is eligible for a child care subsidy.

Joint Finance/Legislature: Reduce funding by \$1,238,700 in 2013-14 and increase funding by \$2,478,900 in 2014-15 to reestimate the costs of providing child care subsidies under the Wisconsin Shares program during the 2013-15 biennium and to provide additional funding to implement DCF's plan to increase child care provider reimbursement rates to eliminate differences greater than 25% between its most recent market rate survey rates and current county licensed group and family maximum payment rates during 2013-14 and to eliminate differences greater than 20%, beginning in 2014-15.

[Act 20 Sections: 935, 990, 993 thru 997, 1000, 1009, 1032, and 1217]

11. CHILD CARE PROVIDER EBT SYSTEM [LFB Paper 201]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$2,300,000	-\$2,300,000	\$0

Governor: Provide \$300,000 in 2013-14 and \$2,000,000 in 2014-15 to implement a system that issues Wisconsin Shares benefits directly to individuals who are participating in the program.

Under current law, DCF is required to reimburse child care providers or to distribute funds to county departments or tribal governing bodies for child care services and to private nonprofit agencies that provide child care for children of migrant workers.

The bill would authorize DCF to issue benefits directly to individuals who are eligible for child care subsidies as one of the ways that child care subsidies may be distributed. The bill would also modify the statutory language so that DCF may pay or reimburse child care providers, county departments or agencies, or tribal governing bodies for child care services. In addition, the bill would authorize DCF to contract with and provide grants to private nonprofit agencies that provide child care for children of migrant workers.

Under current law, DCF is authorized to reimburse a W-2 agency for child care provided to the children of W-2 participants and applications. The bill would specify that DCF may also pay or reimburse W-2 agencies for child care that W-2 agencies arrange to meet immediate, short-term child care needs of participants prior to authorization of a child care subsidy.

Under current law, a county may provide child care services itself, purchase child care services from a child care provider, provide vouchers to an eligible parent for the payment of child care services provided by a child care provider, reimburse an eligible parent for payments made by the parent to a child care provider for child care services, adopt, with DCF's approval, any other arrangement that the county considers appropriate, or use any combination of these methods to provide child care. The bill would delete this provision.

The bill would eliminate the requirement that prohibits DCF from requiring a county or tribal governing body from participating in an electronic benefit transfer system if the costs to the county or tribal governing body would be greater than the costs that the county or tribal governing body would incur in delivering the benefits through a different type of system. Also, the requirement that DCF designate an electronic benefit transfer system by rule would be eliminated.

In addition, the bill would modify statutory language from "reimbursement" to "payment" and "refuse to pay" or "refusal to pay" to "refuse to allow payment" or "refusal of payment" to reflect that child care providers would be receiving payments from Wisconsin Shares participants, DCF, county departments or agencies, or tribal governing bodies, rather than just reimbursements from DCF, county departments, or tribal governing bodies.

Finally, the bill would eliminate the obsolete economic support federal program operations appropriation and the electronic benefits transfer appropriation.

Joint Finance/Legislature: Reduce funding in DCF by \$300,000 in 2013-14 and \$2,000,000 in 2014-15. Instead, place \$300,000 in 2013-14 and \$2,000,000 in 2014-15 in the Joint Committee on Finance's federal funds general program supplementation appropriation. Require DCF to submit a plan under a 14-day passive review process for implementation of any program to deliver W-2 benefits or child care subsidies by electronic means. Require the plan to include specific information on the vendor selected, the total start-up and ongoing costs, and how issues of fraud and program integrity will be addressed. Specify that the funds in the Committee's appropriation could be released and the plan could be implemented only upon approval of the Committee.

[Act 20 Sections: 374, 375 936, 951 thru 953, 991, 992, 998 thru 1005, 1007, 1008, and 1010 thru 1014]

12. CHILD CARE QUALITY RATING AND IMPROVEMENT SYSTEM [LFB Paper 202]

FED	\$434,100
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Governor: Reduce funding by \$13,100 in 2013-14 and increase funding by \$447,200 in 2014-15 to reflect a reestimate of ongoing contract costs of the child care quality rating and improvement system (YoungStar) and to increase the maximum payment rate, beginning January 1, 2014, for a four-star child care provider.

Funding reflects a reduction of \$360,800 annually for the contract with the Consortium. Estimated expenditures of \$6,924,000 annually for this contract are based on the average monthly expenditures from January, 2011, through May, 2012. Under the contract, the Consortium rates child care providers, provides technical assistance and grants for provider improvement, and administers YoungStar at the local level. Members of the Consortium include the Celebrate Children Foundation, Supporting Families Together Association, and Wisconsin Early Childhood Association.

In addition, modify the maximum payment rate that DCF may increase for a child care provider who receives a four-star rating under YoungStar from up to 5% to up to 10%, beginning January 1, 2014. The administration estimates the costs of the increased payments to four-star child care providers to be \$347,700 in 2013-14 and \$808,000 in 2014-15

Joint Finance/Legislature: Require DCF to convene a meeting, by September 30, 2013, of all child care providers who have a five-star rating under YoungStar and who receive payment under the Wisconsin Shares program for providing care for more than 50 children who are participating in the Wisconsin Shares program. Require DCF to hear the concerns of the child care providers at this meeting regarding YoungStar, reimbursement rates for child care services provided under Wisconsin Shares, and any other issues that are of concern to the child care providers. Require DCF to summarize these concerns, following the meeting, and submit a report of the concerns and recommendations to the Joint Committee on Finance by January 31,

2014. Authorize DCF to include this report in the quarterly YoungStar report, if any, for the fourth quarter of 2013.

Veto by Governor [I-51]: Delete the provision requiring DCF to convene a meeting with the five-star child care providers to hear their concerns and to submit a report of the concerns and recommendations to the Joint Committee on Finance.

[Act 20 Sections: 1006 and 9406(4)]

[Act 20 Vetoed Section: 9106(1q)]

13. CHILD CARE PROGRAM INTEGRITY [LFB Paper 203]

	Funding	Positions
FED	\$1,394,000	13.00

Governor: Provide \$482,400 in 2013-14, \$911,600 in 2014-15, 8.0 FTE positions, beginning in 2013-14, and an additional 5.0 FTE positions, beginning in 2014-15 to replace project positions and contractors for program integrity and anti-fraud efforts in the Wisconsin Shares program with permanent state employees and to provide funding to fingerprint child care providers.

State Employees. Provide \$342,400 (\$236,100 in salaries and \$106,300 in fringe benefits) in 2013-14 and \$771,600 (\$532,000 in salaries and \$239,600 in fringe benefits) in 2014-15 to support the following positions: (a) 3.0 senior auditor positions in the Fraud Detection and Investigation Section in the Bureau of Child Care Administration (BCCA), beginning in 2013-14; (b) 4.0 senior auditor positions for the Milwaukee Task Force in BCCA, beginning in 2013-14; (c) 5.0 auditor positions regarding provider fraud in the Bureau of Milwaukee Early Care Administration (MECA), beginning in 2014-15; and (d) 1.0 office operations associate in MECA, beginning in 2013-14.

The administration has indicated that the volume of fraud prevention activity has exceeded the original expectations, and the additional permanent staff are necessary to prevent a backlog of investigations once the project positions end.

Fingerprint Child Care Providers. Provide \$140,000 annually to fingerprint child care providers participating in Wisconsin Shares, their employees, and any nonclient residents.

Specify that this provision applies to the following individuals who are currently subject to a background search and who are receiving, or wish to receive, payment for providing child care services under Wisconsin Shares: (a) persons who have, or are seeking, a license to operate a child care center; (b) persons who have, or seek, certification as a child care provider; (c) persons who have, or seek, a contract to operate a child care program; and (d) persons who are adult nonclient residents or caregivers of the entities listed under (a) through (c).

Under current law, a caregiver subject to a background search includes a person who is, or expects to be: (a) an employee or contractor of an entity; (b) under the control of an entity; (c) in direct contact with clients of the entity; (d) delegated care and custody of the child facilitated by

an entity; (e) seeking a license, certification, or contract to operate an entity; or (f) receiving payment as an interim caretaker for operating an entity. Persons who reside, or are expected to reside, at an entity or with a caregiver, who are not clients of the entity or caregiver, and who have, or are expected to have regular, direct contact with clients of the entity or caregiver (nonclient residents) are also subject to a background search. An entity includes a licensed child welfare agency, licensed foster home, an interim caretaker, a licensed group home, a licensed shelter care facility, a licensed child care center, a certified child care provider, a contracted child care provider, an organization that facilitates delegations of the care and custody of children, or a temporary employment agency that provides caregivers to another entity. The bill would require fingerprints of individuals who are child care providers participating in Wisconsin Shares, their employees, and their nonclient residents.

Specify that DCF, a county department, an agency contracted with to certify child care providers, or a school board must require these child care providers, their employees, and their nonclient residents to be fingerprinted on two fingerprint cards, each bearing a complete set of the person's fingerprints, or by other technologies approved by law enforcement agencies, unless the person has previously been fingerprinted for this purpose.

Authorize the Department of Justice to provide for the submission of the fingerprint cards, or fingerprints by other technologies, to the Federal Bureau of Investigation to verify the identity of the person fingerprinted and to obtain the records of his or her criminal arrests and convictions.

Authorize DCF to charge a fee for obtaining fingerprints, estimated at \$31.50 per person, and specify that the fee may not exceed the reasonable cost of obtaining the fingerprints. Include fingerprints in the list of information for which a fee cannot be charged to a nurse aide if it is inconsistent with federal law.

Authorize fingerprints to be obtained by other technologies approved by law enforcement agencies in lieu of two fingerprint cards, each bearing a complete set of the applicant's fingerprints, when fingerprints are required under current law for applicants to be a court-appointed special advocate or required under current law as part of a background investigation under kinship care, child welfare, or child care.

Joint Finance/Legislature: Authorize DCF to charge a fee for submitting fingerprints, as well as obtaining fingerprints, for the fingerprint-based background search. In addition, modify current law to require an annual name-based background check for child care providers. The name-based background check is required every three months for child care providers under current law.

[Act 20 Sections: 881, 926, 937 thru 938f, and 939]

14. QUALITY CARE FOR QUALITY KIDS

FED	\$574,400
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Governor/Legislature: Provide \$287,200 annually to reflect actual expenditures for ongoing contract costs for pre-licensing technical assistance to provide technical assistance to

child care providers prior to and during the licensing process.

[Act 20 Section: 1034]

15. ADMINISTRATION OF TANF-RELATED PROGRAMS [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$516,600	-\$1,184,800	-\$668,200

Governor: Reduce funding by \$7,700 in 2013-14 and increase funding by \$524,300 in 2014-15 for administration of the child care subsidy program and other public assistance programs. In addition, eliminate the statutory earmark for child care licensing activities. As a result, DCF would have more flexibility regarding the amount spent for child care licensing activities and other child care administration activities.

It should be noted that the TANF statutory allocations under the bill overstate the amounts needed for administration. The child care state administration and licensing activities allocation under the bill is set at \$30,240,600 in 2013-14 and \$32,305,700 in 2014-15, which overstates the amount the administration estimates is needed for these activities by \$521,600 in 2013-14 and \$506,200 in 2014-15. The state administration of public assistance programs and overpayment collections allocation under the bill is \$12,775,600 in 2013-14 and \$12,891,200 in 2014-15, which overstates the amount the administration estimates is needed by \$78,500 annually.

With the correct estimates for administration, along with other funding adjustments for standard budget adjustments, realignments, child care program integrity, legal counsel, and the transform Milwaukee jobs program, child care state administration would total \$29,719,000 in 2013-14 and \$31,799,500 in 2014-15, and state administration of other public assistance programs would total \$12,697,100 in 2013-14 and \$12,812,700 in 2014-15.

Joint Finance/Legislature: Reduce funding by \$600,100 in 2013-14 and \$584,700 in 2014-15 to provide the intended level of funding under the bill for the child care state administration and licensing activities allocation (-\$521,600 in 2013-14 and -\$506,200 in 2014-15) and the state administration of public assistance programs and overpayment collections allocation (-\$78,500 annually).

[Act 20 Sections: 988, 1028, and 1033]

16. CARETAKER SUPPLEMENT

FED	\$4,911,600
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Governor/Legislature: Provide \$2,455,800 annually for benefits and administration of the caretaker supplement for children of recipients of SSI, administered by DHS. TANF funding under the bill would total \$33,688,000 annually.

[Act 20 Section: 1035]

17. EMERGENCY ASSISTANCE

FED	\$3,000,000
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Governor/Legislature: Provide \$1,500,000 annually to increase funding for the emergency assistance program to reflect increased demand for the program, which provides assistance to needy persons in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Funding for the program would total \$7,500,000 annually.

[Act 20 Section: 1029]

18. GRANTS TO BOYS AND GIRLS CLUBS OF AMERICA [LFB Paper 204]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$2,300,000	- \$650,000	\$1,650,000

Governor: Increase funding by \$1,150,000 annually for grants to the Boys and Girls Clubs of America to fund programs that improve social, academic, and employment skills of TANF-eligible youths. Prohibit the Boys and Girls Clubs of America from using TANF funds to replace existing funding for programs at the time the grant is received. Direct the Boys and Girls Clubs of America to use the funds for programs that focus on study habits, on intensive tutoring in math and English, and on exposure to career options and role models. TANF funds for the Boys and Girls Clubs of America would total \$1,500,000 annually.

Joint Finance/Legislature: Reduce funding by \$250,000 in 2013-14 and \$400,000 in 2014-15 to reflect a: (a) reduction in funding for the Wisconsin After 3:00 program (-\$400,000 annually); (b) one-time grant for the greater Wisconsin Rapids Area Boys and Girls Club to fund the Cranberry Science, Technology, Engineering, and Mathematics (STEM) program (\$25,000 in 2013-14); and (c) one-time grant for the Green Bay Boys and Girls Clubs for the BE GREAT: Graduate program (\$125,000 in 2013-14). Require the Green Bay Boys and Girls Clubs to provide \$125,000 in matching funds for the BE GREAT: Graduate program in order to receive the TANF funds.

[Act 20 Section: 1039]

19. EARNED INCOME TAX CREDIT [LFB Paper 205]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$54,000,000	- \$16,328,400	\$37,671,600

Governor: Provide \$27,000,000 annually to pay the refundable portion of the state earned income tax credit (EITC) with TANF funding. Total TANF funding for the EITC would be

\$70,664,200 annually. [Other changes regarding the EITC are described under "General Fund Taxes -- Income and Franchise Taxes."]

Joint Finance/Legislature: Reduce TANF funding for the EITC by \$8,164,200 annually. Total TANF funding for the EITC would be \$62,500,000 annually.

[Act 20 Section: 1040]

20. TANF REVENUE ADJUSTMENTS

FED	- \$1,511,600
PR	911,600
Total	- \$600,000

Governor/Legislature: Reduce funding by \$300,000 (-\$884,200 FED and \$584,200 PR) in 2013-14 and \$300,000 (-\$627,400 FED and \$327,400 PR) in 2014-15 to reflect: (a) a reestimate of funding generated from the state's share of AFDC overpayment recoveries (-\$39,400 PR in 2014-15); (b) a reestimate of the state's share of child support collections used to fund W-2 (\$445,200 PR in 2013-14 and \$227,800 PR in 2014-15); (c) a reduction in W-2 agency filing fees (-\$1,000 PR annually); (d) a reestimate of child care licensing fees due to the new fee imposed on child care providers for fingerprinting (\$140,000 PR annually); (e) a reduction in TANF funds to correspond to this overall increase of PR (-\$584,200 FED in 2013-14 and -\$327,400 FED in 2014-15); and (f) a reduction in federal funds that had been budgeted, but unallocated, in base funding (-\$300,000 FED annually).

In addition, eliminate reference to unnecessary language regarding withholding funds from W-2 agencies for failure to meet performance standards as part of the TANF programs; maintenance of effort appropriation language. Whether funds are withheld from W-2 agencies does not affect the amount of funds budgeted for maintenance of effort purposes.

[Act 20 Section: 373]

21. TANF STATUTORY ALLOCATIONS

Governor/Legislature: Modify several TANF statutory allocations to more accurately reflect spending for TANF-related programs. First, eliminate the program improvement plan allocation. Second, add the funding from the program improvement plan allocation to the safety and out-of-home placement services allocation because the program improvement plan funding is for the same services. Third, modify the safety and out-of-home placement services allocation to eliminate a reference to Milwaukee County and to indicate that these funds may provide services to ensure the safety of children who a county department, as well as DCF, determines may remain safely at home with these services. The current allocation makes reference only to DCF making those determinations. Fourth, combine the current W-2 administration allocation and W-2 ancillary services allocation into one W-2 agency contract; job access loans allocation. Finally, eliminate the transitional jobs program allocation, as the program has a sunset date of June 30, 2013.

[Act 20 Sections: 1026, 1027, 1031, 1037, and 1038]

22. WISCONSIN COMMUNITY SERVICES

FED	\$800,000
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Joint Finance/Legislature: Provide a grant of \$400,000 annually in TANF funds for Wisconsin Community Services, Inc. Wisconsin Community Services, Inc. is a nonprofit organization that advocates for justice and community safety by providing innovative opportunities for individuals to overcome adversity. Funds would be used for community building workshop facilitator training to provide services targeted at TANF-eligible individuals in the City of Milwaukee.

[Act 20 Section: 1038m]

Child Support

1. PROGRAM REVENUE REESTIMATE [LFB Paper 210]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$4,245,400	5.00	\$353,300	0.00	\$4,598,700	5.00

Governor: Provide \$2,319,400 in 2013-14 and \$1,926,000 in 2014-15, and 5.0 project positions, beginning in 2013-14. The increase in funding reflects a revised estimate of revenues from: (a) the annual centralized receipt and disbursement (CR&D) fee (\$1,400,000 annually); (b) the \$25 annual fee paid by custodial parents who receive child support (\$150,000 annually); (c) assigned child support collections (\$1,077,300 in 2013-14 and \$568,700 in 2014-15); and (d) a reduction in the amount of program revenue carried over from prior years (-\$307,900 in 2013-14 and -\$192,700 in 2014-15).

The \$65 CR&D fee is paid by child support obligors and helps fund the CR&D system, which processes child support, maintenance (alimony), health care expenses, birth expenses, and other child support related payments. A \$25 annual fee is paid by the custodial parent and helps fund state operations of the child support enforcement program.

A portion of these revenues would be used to implement the child support document generation (DocGen) project, which would update the technology of the statewide automated child support system, the Kids Information Data System (KIDS), to improve efficiency of the daily workflow in KIDS. Funding of \$1,242,100 in 2013-14 and \$1,357,300 in 2014-15 would support: (a) 5.0 project positions to implement the DocGen project (\$345,700 in 2013-14 and \$460,900 in 2014-15); and (b) other costs associated with the DocGen project (\$896,400 annually).

Joint Finance/Legislature: Reduce funding by \$26,900 in 2013-14 and increase funding by \$380,200 in 2014-15 to reflect more recent estimates of actual revenues and expenditures for administration of the child support enforcement program at the state level and to correct errors under the bill. The adjustment in funding reflects: (a) a reestimate of revenue from the CR&D fee (-\$500,000 annually); and (b) carryover amount needed for estimated expenditures (\$473,100 in 2013-14 and \$880,200 in 2014-15).

2. FEDERAL REVENUE REESTIMATES [LFB Paper 210]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	\$14,388,000	\$2,390,200	\$16,778,200

Governor: Provide \$6,723,000 in 2013-14 and \$7,665,000 in 2014-15 to reflect estimates of federal revenue from child support incentive payments and federal matching funds available for the 2013-15 biennium due to underspending in the 2011-13 biennium that will be carried forward for: (a) state administration of the child support enforcement program to implement the DocGen project (\$1,000,000 annually); and (b) local administration of child support enforcement activities (\$5,723,000 in 2013-14 and \$6,665,000 in 2014-15).

Joint Finance/Legislature: Reduce funding by \$353,500 in 2013-14 and increase funding by \$2,743,700 in 2014-15 to reflect more recent estimates of actual revenues and expenditures for administration of the child support enforcement program at the state level and to correct errors under the bill. The adjustment in funding reflects a reestimate of: (a) the state's share of federal child support incentive payments (-\$78,800 in 2013-14 and -\$171,300 in 2014-15); (b) federal matching funds for DCF expenditures (-\$516,500 in 2013-14 and -\$401,100 in 2014-15); and (c) carryover amount needed for estimated expenditures (\$241,800 in 2013-14 and \$3,316,100 in 2014-15).

3. INTEREST ON CHILD SUPPORT ARREARS [LFB Paper 211]

PR	\$547,500
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Governor: Provide \$182,500 in 2013-14 and \$365,000 in 2014-15 to reflect an increase in revenue from assigned child support arrears paid by noncustodial parents due to implementation of a pilot program to reduce the interest rate on child support arrears. Authorize DCF to conduct a pilot program that would modify the interest that accrues on the amounts in arrears to 0.5% per month, rather than the 1.0% per month under current law. Specify that if DCF conducts the pilot program, the program may begin after December 31, 2013, but must end on June 30, 2015, and that the reduced interest rate would only apply to interest that accrues during that period of time. Require the interest rate to revert to 1% per month at the end of the pilot program unless DOA approves continuation of the lower rate.

In addition, eliminate an unnecessary "notwithstanding" reference in a statutory section that

describes overpayment of support or maintenance because the sections notwithstanding (interest on arrearage and family support) already include language that subjects them to the overpayment language.

DCF indicates that a reduction in the interest rate, as well as the reduction in the amount of interest that accumulates, would incentivize payment of arrears. Currently, interest makes up 41% of arrears, and less than 1% of total interest owed is being collected annually. DCF estimates that assigned child support collections would increase by 3% as a result of the decrease in the interest rate on arrears. The state's share of the increase in assigned child support arrears would be \$73,000 in 2013-14 and \$146,000 in 2014-15. The remainder (\$109,500 in 2013-14 and \$219,000 in 2014-15) would be paid to the federal government.

Joint Finance/Legislature: Eliminate the requirement that the interest rate revert to 1% per month at the end of the pilot program unless DOA approves continuation of the lower interest rate. Instead, authorize DCF to submit a proposal to the Joint Committee on Finance that requests an extension of the lower interest rate under a 14-day passive review process. Require the proposal to include information that shows the amount of the reduction of the arrears owed, and the increase in the number and dollar amount of payments received towards arrears, due to the lower interest rate. Specify that the interest rate would revert to 1% per month at the end of the pilot program unless the Committee approves the proposal submitted by DCF.

Veto by Governor [I-52]: Delete the end date of the pilot project of June 30, 2015, the requirement that the interest rate revert back to 1% per month at the end of the pilot program, and the requirement that DCF submit a proposal to the Joint Committee on Finance under a 14-day passive review process to extend the lower interest rate beyond the pilot program. As a result, there is no end date for the pilot program, and, therefore, for the duration of the 0.5% per month interest rate on child support arrears.

[Act 20 Sections: 2276 thru 2279]

[Act 20 Vetoed Section: 2277]

4. LOCAL ADMINISTRATION OF CHILD SUPPORT [LFB
Paper 212]

GPR	\$8,500,000
FED	<u>16,500,000</u>
Total	\$25,000,000

Joint Finance/Legislature: Provide \$4,250,000 GPR and \$8,250,000 FED annually for the costs of administering the child support enforcement program at the local level. Funding for local child support enforcement activities would total \$37.7 million annually (\$8.5 million GPR, \$16.5 million in federal matching funds, and \$12.7 million in federal incentive payments).

CIRCUIT COURTS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$192,697,000	\$189,002,000	\$189,002,000	\$189,002,000	\$189,002,000	-\$3,695,000	- 1.9%
PR	<u>465,400</u>	<u>465,400</u>	<u>465,400</u>	<u>465,400</u>	<u>465,400</u>	<u>0</u>	0.0
TOTAL	\$193,162,400	\$189,467,400	\$189,467,400	\$189,467,400	\$189,467,400	-\$3,695,000	- 1.9%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	527.00	527.00	527.00	527.00	527.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$3,695,000
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Governor/Legislature: Provide base budget funding adjustments as follows: (a) full funding of continuing position salaries and fringe benefits (-\$1,846,500 annually); and (b) full funding of lease and directed moves costs (-\$1,000 annually).

2. REIMBURSEMENT OF OUT-OF-STATE TRAVEL FOR COURT WITNESS AND COURT INTERPRETERS

Governor/Legislature: Modify statutory language to allow reimbursement for court interpreters who reside outside of Wisconsin for travel from their residence to the Wisconsin border, up to a maximum of 100 miles each way. This would be in addition to current law reimbursement. The Director of State Courts Office assumes that the additional costs will be minimal and can be absorbed within current funding levels.

Under current law, round-trip travel reimbursement for interpreters who reside out of Wisconsin is provided only from the border to the place where services are provided and return to the border.

[Act 20 Sections: 2286 thru 2290, and 9307(1)]

CORRECTIONS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$2,316,365,200	\$2,326,216,600	\$2,315,095,600	\$2,315,095,600	\$2,315,095,600	- \$1,269,600	- 0.1%
FED	5,180,800	5,179,800	5,179,800	5,179,800	5,179,800	- 1,000	0.0
PR	227,665,600	224,016,300	223,302,900	223,302,900	222,938,100	- 4,727,500	- 2.1
SEG	<u>515,000</u>	<u>511,000</u>	<u>511,000</u>	<u>511,000</u>	<u>511,000</u>	<u>- 4,000</u>	- 0.8
TOTAL	\$2,549,726,600	\$2,555,923,700	\$2,544,089,300	\$2,544,089,300	\$2,543,724,500	- \$6,002,100	- 0.2%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	9,655.22	9,721.87	9,618.47	9,618.47	9,618.47	- 36.75
PR	598.15	582.15	573.15	573.15	573.15	- 25.00
SEG	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
TOTAL	10,254.37	10,305.02	10,192.62	10,192.62	10,192.62	- 61.75

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 220]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$23,277,600	- \$6,322,800	- \$29,600,400
FED	- 1,000	0	- 1,000
PR	- 3,595,600	- 600,600	- 4,196,200
SEG	<u>- 4,000</u>	<u>0</u>	<u>- 4,000</u>
Total	- \$26,878,200	- \$6,923,400	- \$33,801,600

Governor: Provide -\$11,638,800 GPR, -\$500 FED, -\$1,797,800 PR and -16.0 PR positions, and -\$2,000 SEG annually for the following adjustments to the base budget: (a) turnover reduction (-\$10,848,400 GPR, and -\$476,100 PR annually); (b) removal of non-continuing items (-\$920,400 PR and -16.0 PR positions annually); (c) full funding of salaries and fringe benefits (-\$46,289,300 GPR, -\$500 FED, -\$2,571,400 PR, and -\$2,000 SEG annually); and (d) night and weekend differential (\$8,303,700 GPR, and \$358,900 PR annually). In addition, request overtime of \$37,195,200 GPR and \$1,811,200 PR annually. It should be noted that in the calculation of full funding of salaries and fringe benefits, costs associated with overtime and night and weekend differential are removed. Thus, those amounts represent the Department's estimated total cost for overtime and night and weekend differential.

Joint Finance/Legislature: Modify the Governor's recommendation related to overtime by -\$3,161,400 GPR and -\$300,300 PR annually, based on more recent overtime expenditures in the Department. In connection with this funding modification, permanent GPR reductions (Item #2 following) would be modified by \$4,500,000 GPR annually, for a net fiscal impact on overtime of \$1,338,600 GPR and -\$300,300 PR annually.

2. PERMANENT GPR REDUCTIONS [LFB Paper 220]

	<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	-\$26,369,200	0.00	\$9,000,000	- 72.00	-\$17,369,200	- 72.00

Governor: Reduce Department of Corrections funding by \$13,151,400 in 2013-14 and \$13,217,800 in 2014-15 as specified below.

<u>Appropriation</u>	<u>2013-14</u>	<u>2014-15</u>
a. General Program Operations, Adult Corrections	-\$6,000,000	-\$6,166,000
b. Services for Community Corrections	-3,475,800	-3,475,800
c. Services for Drunk Driving Offenders	-2,845,600	-2,746,000
d. Pharmacological Treatment Certain Child Sex Offenders	-50,000	-50,000
e. Becky Young Community Corrections	-600,000	-600,000
f. Reimbursement Claims of Counties Containing Juvenile Correctional Facilities	<u>-180,000</u>	<u>-180,000</u>
Total	-\$13,151,400	-\$13,217,800

Joint Finance/Legislature: Modify the Governor's recommendation by \$4,500,000 GPR annually associated with permanent GPR reductions related to overtime. In connection with this funding modification, overtime funding under standard budget adjustments (see Item #1) would be decreased by -\$3,161,400 GPR and -\$300,300 PR annually, based on more recent overtime expenditures in the Department.

In addition, delete the position authority for 72.0 positions associated with the salary and

fringe benefit amounts deleted under the provision.

3. CREATE OFFICE OF THE INSPECTOR GENERAL [LFB Paper 221]

	<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	\$1,404,700	11.00	-\$3,276,500	- 13.00	-\$1,871,800	- 2.00

Governor: Provide \$377,600 and 7.0 positions in 2013-14 and \$1,027,100 and 13.0 positions in 2014-15 for the creation of an Office of the Inspector General under the Department of Corrections' Secretary's Office. Delete 2.0 positions annually in the Division of Community Corrections, probation, parole and extended supervision.

In addition, make the following transfers to provide \$973,600 and 13.0 positions annually for the new Office: (a) -\$75,300 and -1.0 position annually from the Division of Management Services; (b) -\$255,400 and -3.0 positions annually from the Division of Adult Institutions; and (c) -\$642,900 and -9.0 positions annually from the Division of Community Corrections. The new and transferred funding all occur within the Department's general program operations appropriation, except for the amounts from the Division of Community Corrections, which would be transferred from the services for community corrections appropriation. The new Office is intended to "examine internal operations, enforce departmental standards and laws, and implement solutions in order to prevent, detect, and eliminate waste, fraud, and abuse."

<u>Division</u>	<u>Appropriation</u>	<u>2013-14</u>		<u>2014-15</u>	
		<u>Funding</u>	<u>FTE</u>	<u>Funding</u>	<u>FTE</u>
Base Adjustments					
Secretary's Office	General Program Operations, Adults	\$377,600	7.00	\$1,027,100	13.00
Community Corrections	Services for Community Corrections	<u>0</u>	<u>-2.00</u>	<u>0</u>	<u>-2.00</u>
	Subtotal	\$377,600	5.00	\$1,027,100	11.00
Transfers Within and Between Appropriations					
Management Services	General Program Operations, Adults	-\$75,300	-1.00	-\$75,300	-1.00
Adult Institutions	General Program Operations, Adults	-255,400	-3.00	-255,400	-3.00
Secretary's Office	General Program Operations, Adults	973,600	13.00	973,600	13.00
Community Corrections	Services for Community Corrections	<u>-642,900</u>	<u>-9.00</u>	<u>-642,900</u>	<u>-9.00</u>
	Subtotal	\$0	0.0	\$0	0.0
	Change to Base Amounts	\$377,600	5.00	\$1,027,100	11.00
	Governor's Recommendation for Office of Inspector General Funding	\$1,351,200	18.00	\$2,000,700	24.00

Joint Finance/Legislature: Delete new funding and positions provided in the bill of \$377,600 and 7.0 positions in 2013-14 and \$1,027,100 and 13.0 positions in 2014-15 for the creation of an Office of Special Operations. Further, transfer \$935,900 annually from the Department's appropriations to the supplemental appropriation under the Joint Committee on

Finance for possible release to the Department upon approval by the Committee under s. 13.10 of the statutes, based on a plan detailing the operations and duties of the Office of Special Operations.

4. INFORMATION TECHNOLOGY STAFFING AND FUNDING [LFB Paper 222]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$4,327,600	18.40	-\$4,327,600	- 18.40	\$0	0.00

Governor: Provide \$1,871,500 and 17.9 positions in 2013-14 and \$2,456,100 and 18.4 positions in 2014-15 for information technology services. The information systems positions would include: 0.9 supervisor, 1.0 technical services senior, 1.0 technical services specialist, 1.6 services consultants/administrators, 2.0 services professionals, 7.6 services seniors, and 4.3 services specialists.

According to the administration, increased funding and staffing are needed in order to upgrade, develop, and maintain the Department's software services, computer systems, including its offender management system and case management system.

Joint Finance/Legislature: Delete funding and positions under Corrections. Instead, place \$1,871,500 in 2013-14 and \$2,456,100 in 2014-15 of one-time funding in the supplemental appropriation under the Joint Committee on Finance. The Department would be required to submit a plan with details of its information technology programming. Upon approval of the plan by the Committee, funding could be released to the Department and positions created under s. 13.10 of the statutes.

5. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	\$7,153,500
PR	122,100
Total	\$7,275,600

Governor/Legislature: Provide funding of \$6,412,400 GPR and -\$500 PR in 2013-14 and \$741,100 GPR and \$122,600 PR in 2014-15 to reflect the current law reestimate of GPR debt services costs on state general obligation bonds and commercial paper debt issued for the Department, and reestimated PR debt service. The reestimates include: (a) adult corrections, \$5,793,300 GPR in 2013-14 and \$277,600 GPR in 2014-15; (b) prison industries, -\$500 PR in 2013-14 and \$122,600 PR in 2014-15; and (c) juvenile corrections, \$619,100 GPR in 2013-14 and \$463,500 GPR in 2014-15.

6. FUEL AND UTILITIES REESTIMATE [LFB Paper 223]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$3,693,800	\$51,600	-\$3,642,200

Governor: Delete \$2,378,800 in 2013-14 and \$1,315,000 in 2014-15 associated with reestimated funding for fuel and utilities in adult correctional institutions. Current base funding for the fuel and utilities appropriation is \$33,401,800.

Joint Finance/Legislature: Increase funding by \$15,300 in 2013-14 and \$36,300 in 2014-15 associated with a calculation error for agency fuel and utility costs.

7. RENT

GPR	\$1,526,000
PR	- 693,100
Total	\$832,900

Governor/Legislature: Provide \$574,600 GPR and -\$359,300 PR in 2013-14 and \$951,400 GPR and -\$333,800 PR in 2014-15 for rental costs on a departmentwide basis. The request would be divided as follows: (a) Division of Management Services (\$180,900 GPR and -\$259,600 PR in 2013-14 and \$301,600 GPR and -\$247,800 PR in 2014-15); (b) Division of Adult Institutions (\$100 GPR annually and -\$14,500 PR in 2013-14 and -\$8,500 PR in 2014-15); (c) Division of Community Corrections (\$392,600 GPR and -\$3,100 PR in 2013-14 and \$648,400 GPR and -\$1,900 PR in 2014-15); (d) Secretary's Office (\$100 GPR annually); and (e) Division of Juvenile Corrections (\$900 GPR and -\$82,100 PR in 2013-14 and \$1,200 GPR and -\$75,600 PR in 2014-15).

8. REALIGNMENT OF FUNDING AND POSITIONS [LFB Paper 221]

Governor/Legislature: Transfer funding and positions between appropriations related to realignment of departmental activities. Table 1 identifies the funding and position changes by appropriation, while Table 2 identifies the changes in the appropriations by departmental division.

TABLE 1

Realignment of Funding and Positions, by Appropriation

<u>Appropriations</u>	<u>2013-14</u>		<u>2014-15</u>		<u>Fund Source</u>
	<u>Funding</u>	<u>FTE</u>	<u>Funding</u>	<u>FTE</u>	
General Program Operations, Adult	\$199,300	1.00	\$199,300	1.00	GPR
Purchased Services for Offenders	0	0.00	0	0.00	GPR
Becky Young Community Corrections	0	0.00	0	0.00	GPR
Correctional Farms	48,700	1.00	48,700	1.00	PR
Prison Industries	-48,700	-1.00	-48,700	-1.00	PR
General Program Operations, Juveniles	<u>-199,300</u>	<u>-1.00</u>	<u>-199,300</u>	<u>-1.00</u>	GPR
Total Realignment	\$0	0.00	\$0	0.00	

TABLE 2

Realignment of Funding and Positions, by Departmental Division

	<u>2013-14</u>		<u>2014-15</u>		<u>Fund Source</u>
	<u>Funding</u>	<u>FTE</u>	<u>Funding</u>	<u>FTE</u>	
<i>Division of Management Services</i>					
Becky Young Community Corrections	-\$225,000	0.00	-\$225,000	0.00	GPR
<i>Division of Adult Institutions</i>					
General Program Operations, Adult	199,300	1.00	199,300	1.00	GPR
Purchased Services for Offenders	-913,900	0.00	-913,900	0.00	GPR
Becky Young Community Corrections	-443,200	0.00	-443,200	0.00	GPR
Correctional Farms	48,700	1.00	48,700	1.00	PR
Prison Industries	<u>-48,700</u>	<u>-1.00</u>	<u>-48,700</u>	<u>-1.00</u>	PR
Subtotal	-\$1,157,800	1.00	-\$1,157,800	1.00	
<i>Division of Community Corrections</i>					
Becky Young Community Corrections	\$551,000	0.00	\$551,000	0.00	GPR
<i>Secretary's Office</i>					
Purchased Services for Offenders	913,900	0.00	913,900	0.00	GPR
Becky Young Community Corrections	<u>117,200</u>	<u>0.00</u>	<u>117,200</u>	<u>0.00</u>	GPR
Subtotal	\$1,031,100	0.00	\$1,031,100	0.00	
<i>Division of Juvenile Corrections</i>					
General Program Operations, Juveniles	<u>-\$199,300</u>	<u>-1.00</u>	<u>-\$199,300</u>	<u>-1.00</u>	GPR
Total Realignment	\$0	0.00	\$0	0.00	

9. PROGRAM REVENUE REESTIMATES

PR	\$332,800
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Governor/Legislature: Adjust funding by in 2013-14 and in 2014-15 as identified in the table below. The table identifies the program revenue appropriations that would be affected by this item, by program area, the base funding amounts for these appropriations, the funding changes that would be made to these appropriations under this item and other items in Corrections' budget, and the total funding that would be budgeted for these purposes under the bill.

<u>Purpose</u>	<u>2013-14</u>				<u>2014-15</u>		
	<u>2012-13</u> <u>Base</u>	<u>Funding</u> <u>Adjustment</u>	<u>Other</u> <u>Agency</u> <u>Budget</u> <u>Requests</u>	<u>Total</u>	<u>Funding</u> <u>Adjustment</u>	<u>Other</u> <u>Agency</u> <u>Budget</u> <u>Requests</u>	<u>Total</u>
Central Warehouse	\$9,554,600	-\$1,558,200	\$36,500	\$8,032,900	-\$1,573,900	\$36,700	\$8,017,400
Canteen Operations	416,400	-87,800	-3,600	325,000	-87,800	-3,600	325,000
Correctional Farms	5,794,300	296,800	48,700	6,139,800	277,500	49,300	6,121,100
Prison Industries	15,569,200	2,339,300	-390,500	17,518,000	2,449,100	-385,300	17,633,000
Administration of Restitution	702,800	30,600	18,900	752,300	30,700	19,800	753,300
Sex Offender Management	1,053,800	-235,800	1,000	819,000	-235,800	1,000	819,000
Telephone Company Commissions	1,105,100	-200,500	0	904,600	-200,500	0	904,600
GPS Tracking Devices	65,400	44,600	29,100	139,100	44,600	42,000	152,000
Juvenile Fuel and Utilities	1,017,200	-495,500	0	521,700	-504,600	0	512,600
Total PR Reestimates		\$133,500			\$199,300		

10. DELETION OF APPROPRIATIONS

Governor/Legislature: Delete of the following appropriations:

a. *Loan fund for persons on probation, extended supervision or parole* [s. 20.410(1)(g)]. All moneys belonging to absconding probationers, parolees, and persons on extended supervision are deposited to this appropriation. Under statute, the Department must create a revolving fund of any monies it has belonging to probationers, parolees or persons on extended supervision who absconded, or whose whereabouts are unknown. The Department must use the monies to offset expenses of other probationers, parolees and persons on extended supervision who are without means to pay those expenses. All payments made for those expenses must be repaid by the offenders for whose benefit they are made whenever possible. If an offender who absconded returns and submits a claim within five years of the funds being deposited, the Department must return the funds to the offender.

According to the administration, Corrections has not historically used this appropriation, because it authorizes the Department to use monies from offenders who absconded for other offenders, but if the original offender who absconded is entitled to be returned those funds, a negative balance would be created.

b. *Administrative and minimum supervision* [s. 20.410(1)(ge)]. All monies received from vendors for supervision services of probationers, parolees, and persons on extended supervision under minimum or administrative supervision are deposited to this appropriation. The vendor may charge a fee to offenders sufficient to cover the costs of supervision which is remitted to the appropriation.

The bill would transfer the authority provided under s. 20.410(1)(ge) to appropriation s. 20.410(1)(gf), which allows the Department to charge a fee to probationers, parolees, and persons on extended supervision.

c. *Supervision of defendants and offenders* [s. 20.410(1)(gg)]. The appropriation deposits monies collected from counties for providing electronic monitoring services for persons charged with a crime, or criminal offenders on electronic monitoring.

The bill would transfer the authority provided under s. 20.410(1)(gg) to appropriation s. 20.410(1)(gr), which allows the Department to charge counties for providing home detention services to offenders.

d. *State-owned housing maintenance* [s. 20.410(3)(j)]. The appropriation receives money from rentals of state-owned housing at state juvenile correctional facilities, which is used for maintenance of the housing. The administration indicates that this appropriation was used for renting state-owned housing to employees at the Ethan Allen School, which closed in 2011.

[Act 20 Sections: 335 thru 338, 340, 342, 2131, 2149, 2151 thru 2153, and 2158]

Adult Corrections

1. ADULT CORRECTIONAL FACILITY POPULATIONS [LFB Paper 225]

Governor: Estimate an average daily population (ADP) in adult correctional facilities (correctional institutions and centers) and contract beds of 22,269 in 2013-14 and 22,459 in 2014-15. The following table identifies the estimated distribution of this population.

	<u>Average Daily Population</u>	
	<u>2013-14</u>	<u>2014-15</u>
Males		
Institutions/Centers	20,504	20,434
Wisconsin Resource Center	344	344
Contract Beds*	117	307
Females		
Women's Correctional System	1,262	1,332
Wisconsin Resource Center	<u>42</u>	<u>42</u>
Total Population	22,269	22,459

*Contract bed populations include inmates held in federal facilities and in Wisconsin county jails.

Joint Finance/Legislature: Reestimate the ADP in adult correctional facilities and contract beds to 22,118 in 2013-14 and 22,311 in 2014-15. The following table identifies the estimated distribution of this population.

	<u>Average Daily Population</u>	
	<u>2013-14</u>	<u>2014-15</u>
Males		
Institutions/Centers	20,494	20,546
Wisconsin Resource Center	344	344
Contract Beds - County Jails	0	74
Contract Beds	25	25
Females		
Women's Correctional System	1,213	1,220
Wisconsin Resource Center	42	42
Contract Beds	<u>0</u>	<u>60</u>
Total Population	22,118	22,311

2. POPULATION AND INFLATIONARY COST INCREASES [LFB Paper 225]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$63,298,700	- \$171,000	\$63,127,700

Governor: Provide \$30,063,700 in 2013-14 and \$33,235,000 in 2014-15 to reflect population-related cost adjustments for prisoners in facilities operated by the Division of Adult Institutions, as follows: (a) \$8,263,200 in 2013-14 and \$8,834,500 in 2014-15 for food costs; (b) \$19,119,800 annually for variable non-food costs, such as clothing, laundry, inmate wages, and other supplies; and (c) \$2,680,700 in 2013-14 and \$5,280,700 in 2014-15 for inmate health care. The recommendation for inmate health services assumes that per capita annual inmate costs will increase from an estimated \$2,709 in 2012-13 to \$2,820 in 2013-14 and \$2,936 in 2014-15. Health care costs include pharmaceutical costs, third party administrator costs, and contracting costs with the University Hospital and Clinics, the UW Medical Foundation, Waupun Memorial Hospital, and other community hospitals.

Joint Finance/Legislature: Delete \$171,000 in 2013-14 as a result of reestimating the average daily population in correctional facilities, including: (a) -\$42,700 for food; (b) -\$95,900 for inmate health care; and (c) -\$32,400 for variable non-food costs.

3. MEDICAID INPATIENT HOSPITALIZATION PAYMENTS [LFB Paper 321]

GPR	- \$16,979,600
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Governor/Legislature: Delete \$5,543,200 in 2013-14 and \$11,436,400 as a result changes in eligibility for the state's Medicaid program. According to the Executive Budget Summary, proposed changes in Medicaid eligibility would result in Medicaid coverage for inmates with inpatient hospital stays of at least 24 hours. [See "Health Services -- Medical Assistance and Related Programs."]

4. PRISON CONTRACT BED FUNDING [LFB Paper 225]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$5,904,100	-\$4,507,900	-\$10,412,000

Governor: Modify prison contract bed funding by -\$4,738,600 in 2013-14 and -\$1,165,500 in 2014-15. The Department projects a need for 623 contract prison beds in 2013-14 and 813 contract beds in 2014-15. Included in the number of contract beds, are approximately 500 beds annually the Department would use for extended supervision sanctions, as well as beds for temporary lockups. Base funding for the contract bed appropriation is currently \$16,892,400 GPR. As of February 22, 2013, there were 32 inmates in Wisconsin county jails and federal prisons. The Department indicates an average of 424 beds were used in 2011-12 for extended supervision sanctions.

Joint Finance/Legislature: Delete an additional \$1,728,000 in 2013-14 and \$2,779,900 in 2014-15 for contract bed funding as a result of reestimating the average daily population in correctional facilities.

5. MENTAL HEALTH TREATMENT FOR MALE INMATES

	Funding	Positions
GPR	\$768,600	5.50

Governor/Legislature: Provide \$345,000 in 2013-14 and \$423,600 in 2014-15 and 5.5 positions annually for additional mental health treatment services in the segregation units at three of the maximum-security prisons. Under the bill, staffing would include: (a) Waupun Correctional Institution, 1.0 psychological associate and 1.0 social worker; (b) Columbia Correctional Institution, 1.0 psychological associate and 1.0 social worker; and (c) Green Bay Correctional Institution, 0.5 psychological associate and 1.0 social worker.

6. FREEDOM LIFE SKILLS PROGRAM

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
PR	\$364,800	-\$364,800	\$0

Joint Finance/Legislature: Require the Department to establish a two-year pre-release pilot program in two of its correctional institutions. Further, require the Department to enter a contract for the services of Freedom Life Skills, Inc., a private, nonprofit organization that teaches life skills and character development to inmates who will be released to parole or extended supervision. Require that the program: (a) provide a total of 96 inmates with no fewer than 30 prerelease participation sessions and 78 weeks of post-release accountability and support sessions that are led by a person trained by Freedom Life Skills, Inc., or Life Skills International;

and (b) follow a curriculum established by Freedom Life Skills, Inc., or Life Skills International. Create a continuing PR appropriation to receive funding transferred from the Department of Justice (\$172,800 in 2013-14 and \$192,000 in 2014-15).

At the end of the pilot period, the Department would be required to prepare a report for submission to the Joint Committee on Finance and the appropriate standing committees of the Legislature, including an evaluation of the effectiveness of the program on reducing disciplinary actions against participants and recidivism rates among those released after participating in the program. The program would sunset on July 1, 2015.

Veto by Governor [I-50]: Delete provision.

[Act 20 Vetoed Sections: 200 (as it relates to s. 20.410(1)(ki)), 340d, 340r, 381d, 381g, 9108(1L), and 9408(1L)]

Community Corrections

1. ADDITIONAL FUNDING AND POSITIONS FOR GPS TRACKING [LFB Paper 230]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$6,828,200	38.75	-\$1,511,400	0.00	\$5,316,800	38.75
PR	<u>181,200</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>181,200</u>	<u>0.00</u>
Total	\$7,009,400	38.75	-\$1,511,400	0.00	\$5,498,000	38.75

Governor: Provide \$2,608,400 GPR and 27.5 GPR positions and \$42,600 PR in 2013-14 and \$4,219,800 GPR and 38.75 GPR positions and \$138,600 PR in 2014-15 for anticipated increases in the population requiring GPS tracking. Of the funding, \$568,000 GPR and \$42,600 PR in 2013-14 and \$818,800 GPR and \$138,600 PR in 2014-15 would be utilized for increased equipment costs. Since 2007, the Department has been required to monitor certain child sex offenders with GPS tracking. Under 2011 Act 266 (effective date January 1, 2014), a court may order GPS tracking for persons who violate a domestic abuse or harassment temporary restraining order or injunction. Further, a court may request the Department to provide a validated risk assessment of the person. In order to offset GPS tracking costs, the act also created a new PR appropriation to deposit revenues from a \$200 surcharge from individuals who violate a temporary restraining order or injunction, as well as a GPS equipment fee. Under the recommendation, staffing would include: 10.75 correctional communications operators and 28.0 probation and parole agents.

As of February, 2013, the Department tracked 638 individuals. The Department estimates

that number of individuals requiring GPS tracking will increase to 783 individuals in 2013-14 and to 939 in 2014-15, including tracked sex offenders and individuals who violate a domestic abuse or harassment temporary restraining order or injunction.

Joint Finance/Legislature: Modify funding by -\$755,700 GPR annually associated with funding for equipment costs for electronic monitoring of OWI offenders currently supported using existing departmental resources. In addition, place \$241,200 GPR and \$4,700 PR in 2013-14 and \$415,100 GPR and \$6,200 PR in 2013-14 associated with reestimated GPS monitored populations under the Joint Committee on Finance's supplemental appropriation for release to the Department upon approval of the Committee under s. 13.10 of the statutes.

2. INCREASE PURCHASE OF SERVICES FUNDING

GPR	\$674,400
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Governor/Legislature: Provide \$336,000 in 2013-14 and \$338,400 in 2014-15 for increased funding for purchased services for offenders. Under the purchased services for offenders appropriation, amounts are provided for the purchase of goods, care and services, including community-based residential care, for inmates, probationers, parolees, and persons on extended supervision. Increased funding would support increases to halfway house and transitional living program costs due to new bids for contracts and an estimated 1.7% cost-of-living increase for contract renewals. Current base funding for purchased services for offenders is \$30,851,600.

3. FUNDING AND POSITION REDUCTIONS RELATED TO VACANCIES UNDER DIVISION OF COMMUNITY CORRECTIONS

	Funding	Positions
GPR	-\$855,400	- 10.00

Governor/Legislature: Delete \$427,700 and 10.0 positions annually associated with vacant office operations associate positions in the Division of Community Corrections.

4. COMMUNITY CORRECTIONS RECORDS STAFF

	Funding	Positions
GPR	\$316,000	3.00

Governor/Legislature: Provide \$148,600 in 2013-14 and \$167,400 in 2014-15 and 3.0 project positions for a four-year period to the Department's Division of Community Corrections records. The administration indicates that the project positions would allow the Department to "more efficiently process offender records and reduce backlogs."

5. AUTHORIZE EXTENSION OF PROBATION FOR A PERSON OWING CRIME VICTIM AND WITNESS ASSISTANCE SURCHARGE

Governor/Legislature: Modify current law to provide that at least 90 days before the expiration of an individual's probation, the Department must notify the sentencing court and district attorney that a probationer owes any crime victim and witness assistance surcharge

amounts. Upon receiving notice, the court must schedule a probation review hearing to be held before the expiration date of probation, unless the probationer either pays the unpaid surcharge before the hearing or voluntarily waives the hearing. A waiver of a probation review hearing must include an acknowledgement by the probationer that waiver may result in an extension of the probation period, a modification of the terms and conditions of probation, or a revocation of probation.

At a probation review hearing, the Department has the burden of proving that the probationer owes an unpaid crime victim and witness assistance surcharge. If the Department proves by a preponderance of evidence that the surcharge is owed, the court may order the extension of probation or modify the terms and conditions of probation. If the court does not extend probation, the court must issue a judgment for the unpaid surcharge and direct the Clerk of Circuit Court to file and enter the judgment. If the court issues a judgment for the unpaid surcharge, the court must send a written notification to the Department that a civil judgment has been issued.

Under current law, a court may extend a term of probation, or issue a judgment for unpaid funds, if a person who is nearing the end of his or her term of probation owes restitution or reimbursement fees.

[Act 20 Section: 2359]

6. CHILD PORNOGRAPHY SURCHARGE FUNDING

PR	- \$10,000
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Governor/Legislature: Delete the PR continuing general operations; child pornography surcharge appropriation which receives revenue from Part A of the child pornography surcharge to operate institutions and to provide field and administrative services. Delete expenditure authority of \$5,000 annually. Transfer the unencumbered balance from the appropriation to the PR annual general operations; child pornography surcharge appropriation under the Department of Justice (DOJ). Provide that all child pornography surcharge revenue support: (a) DOJ investigations of sexual exploitation of a child or possession of child pornography; or (b) the sexual assault victim services grant program under DOJ. [See "Justice."]

[Act 20 Sections: 339, 382, and 9208(1)]

7. TRANSFER OF THE AMERICAN INDIAN TRIBAL COMMUNITY REINTEGRATION PROGRAM FROM THE OFFICE OF JUSTICE ASSISTANCE [LFB Paper 405]

PR	\$100,000
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Governor/Legislature: Provide \$50,000 annually associated with the transfer of the American Indian tribal community reintegration program from the Department of Administration's (DOA) Office of Justice Assistance (OJA) to Corrections. [See "Administration -- Transfers."]

Provide that the assets, liabilities, contracts, pending matters, and employees of OJA

primarily related to reintegrating American Indians who have been incarcerated, as determined by DOA, become the assets, liabilities, contracts, pending matters, and employees of Corrections.

Specify that all transferred OJA employees would have the same rights and status as they had at OJA. Further, provide that OJA staff that had obtained permanent status would not have to undergo a probationary period in the new agency. [No position authorization increase or transfer is provided in the bill for Corrections associated with the program. The bill does, however, include provisions relating to the rights and status of any transferred employee.]

Provide that all rules and orders of OJA primarily related to reintegrating American Indians who have been incarcerated, remain in effect until their specified expiration dates or until amended, modified, repealed, or rescinded by Corrections.

[Act 20 Sections: 181, 444, 460, and 9101(1)]

8. GPS AND ELECTRONIC MONITORING STUDY

Joint Finance/Legislature: Request that the Joint Legislative Council conduct a study on the effective and efficient use of global positioning systems and electronic monitoring technology for correctional purposes and for monitoring persons subject to a temporary restraining order or injunction. If the Joint Legislative Council conducts the study, its findings, conclusions, and recommendations would be reported to the Legislature by June 30, 2015.

[Act 20 Section: 9127(1z)]

9. DANGER ASSESSMENTS CONDUCTED BY DOMESTIC VIOLENCE PREVENTION OR TREATMENT CENTERS

Joint Finance/Legislature: Delete current statutory language authorizing a court to request a domestic violence prevention or treatment center in the court's county to complete a danger assessment of an individual potentially subject to GPS monitoring for violating a domestic abuse or harassment restraining order or injunction.

Under current law, the court may request the Department of Corrections to provide a validated risk assessment of a person convicted of knowingly violating a domestic abuse or harassment temporary restraining order or injunction. Further, the court may request a domestic violence prevention or treatment center in the court's county to complete a danger assessment of the person in order to determine whether or not to order the person to submit to GPS tracking.

[Act 20 Sections: 2283g, 2283r, and 9426(2L)]

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES [LFB Paper 235]

Governor/Legislature: Estimate the juvenile correctional facility average daily population (ADP) is estimated to be 300 in 2013-14 and 300 in 2014-15 as shown in the table below. On February 22, 2013, 271 juveniles were under state supervision in juvenile facility. The population projections include juveniles funded under the serious juvenile offender program. The juvenile facilities include Lincoln Hills School, Copper Lake School, and the Mendota Juvenile Treatment Center.

	February 22, 2013	<u>Average Daily Population</u>	
	<u>Actual Population</u>	<u>2013-14</u>	<u>2014-15</u>
Lincoln Hills School	211	248	248
Copper Lake School	31	23	23
Mendota Juvenile Treatment Center	<u>29</u>	<u>29</u>	<u>29</u>
Total Juvenile Correctional Facility	271	300	300

2. STATUTORY DAILY RATES [LFB Paper 235]

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

	Statutory Rates	<u>Governor</u>	
	7-1-12 thru <u>6-30-13</u>	7-1-13 thru <u>6-30-14</u>	7-1-14 thru <u>6-30-15</u>
Juvenile Correctional Facilities*	\$289	\$297	\$304
Corrective Sanctions	100	125	128
Aftercare Supervision	40	41	41

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

Under current law, daily rates for juvenile care in a given biennium are specified in statute by fiscal year for juvenile correctional facilities, corrective sanctions, and aftercare supervision. Under 2011 Act 32, specific rates for residential care centers, group homes, treatment foster homes, and regular foster homes were deleted. Instead, the daily cost assessment for these placements is an amount equal to the amount the provider charges the Department. Further, the daily rates for the juvenile correctional facilities includes a \$17 add-on to address the juvenile operations appropriation deficit.

Joint Finance/Legislature: Modify the statutory daily rate for the juvenile correctional

facilities by -\$3 in each year. Thus, the daily rates would be \$294 in 2013-14 and \$301 in 2014-15.

[Act 20 Sections: 2135 and 2136]

3. SERIOUS JUVENILE OFFENDER REESTIMATE [LFB Paper 235]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$633,400	-\$55,400	\$578,000

Governor: Provide funding of \$362,900 in 2013-14 and \$270,500 in 2014-15 to reflect costs associated with state-funded serious juvenile offenders (SJO). Increased costs are associated with the increase in statutory daily rates. The estimated average daily population (ADP) for the SJO population would be 160 in 2013-14 and 149 in 2014-15. The SJO program ADP through January, 2013, was 183. Base funding for the program is \$14,284,700 GPR annually. Under the bill, the following average daily populations (ADPs) for the SJO appropriation, are projected for the 2013-15 biennium:

Average Daily Population

<u>Type of Care</u>	<u>As of January, 2013</u>	<u>Serious Juvenile Offenders</u>	
		<u>2013-14</u>	<u>2014-15</u>
Juvenile Detention Facilities	64	74	78
Corrective Sanctions Program	73	55	46
Aftercare Supervision	46	31	25
Total ADP	183	160	149
Alternate Care*	50	43	38

*A subset of corrective sanctions and aftercare supervision programs that includes residential care centers, group homes, treatment foster homes, and certain supplemental living arrangements.

Joint Finance/Legislature: Modify funding by -\$27,000 GPR in 2013-14 and -\$28,400 GPR in 2014-15 as a result of modifying the daily rates for juvenile correctional facilities.

4. MODIFY JUVENILE RESIDENTIAL CARE APPROPRIATION

PR	\$874,900
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Governor/Legislature: Modify statutory language to authorize the Department to pay for alternate care services under its juvenile residential aftercare appropriation [s. 20.410(3)(ho)]. Under current law, funding is used for providing foster care, group home care, and institutional child care to delinquent juveniles. The Department currently must separately pay for independent living costs out of its GPR appropriation for serious juvenile offenders. The provision would allow all alternate care invoices from one appropriation. Further, provide an

increase of \$402,600 in 2013-14 and \$472,300 in 2014-15 for the appropriation.

[Act 20 Sections: 341, 2137, 2138, and 2336]

5. POPULATION-RELATED COST ADJUSTMENTS

PR	- \$9,500
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Governor/Legislature: Modify population-related funding for juvenile corrections by -\$32,900 in 2013-14 and \$23,400 in 2014-15 as follows: (a) -\$18,300 in 2013-14 and -\$9,400 in 2014-15 for food costs at juvenile correctional institutions; (b) \$23,200 annually for variable non-food costs (such as laundry, clothing, and personal items) for institutionalized juveniles; and (c) -\$37,800 in 2013-14 and \$9,600 in 2014-15 to reflect juvenile health costs.

6. MENDOTA JUVENILE TREATMENT CENTER REESTIMATE

PR	- \$448,100
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Governor/Legislature: Delete funding of -\$256,900 in 2013-14 and -\$191,200 in 2014-15 related to payments to the Department of Health Services (DHS) for juveniles placed at the Mendota Juvenile Treatment Center. The Department contracts with DHS for 29 mental health beds for juveniles. Specify that Corrections, in addition to transferring \$1,365,500 GPR annually, transfer \$2,707,100 PR in 2013-14 and \$2,772,800 PR in 2014-15. Under current law, Corrections must transfer \$2,890,700 PR in 2011-12 and \$2,964,000 PR in 2012-13.

[Act 20 Section: 816]

7. DELETE FUNDING FOR VACANT POSITIONS IN DIVISION OF JUVENILE CORRECTIONS [LFB Paper 236]

	Governor (Chg. to Base) Funding Positions		Jt. Finance/Leg. (Chg. to Gov) Funding Positions		Net Change Funding Positions	
PR	-\$597,000	0.00	-\$477,600	- 9.00	-\$1,074,600	- 9.00

Governor: Delete \$298,500 annually associated with 41.75 vacant positions under the Department's Division of Juvenile Corrections. While PR expenditure authority would be eliminated, the Department would retain position authority. Deleting funding is intended to control costs and moderate the daily rates charged to counties.

Joint Finance/Legislature: Modify the Governor's recommendation by deleting 5.0 PR positions associated with the bill's deleted funding. In addition, delete \$238,800 PR and 4.0 PR positions annually associated with other long-term vacancies in the juvenile correctional services appropriation.

8. RISK MANAGEMENT PREMIUMS

PR

\$93,000

Governor/Legislature: Provide \$93,000 in 2013-14 for a projected increase in premiums associated with the Ethan Allen School. The state's risk management program is operated by the Department of Administration's Bureau of State Risk Management. While the Ethan Allen School was closed in 2011, it is included in premium calculations through 2013-14. Program revenue funding is provided from the daily rate assessments.

9. YOUTH AIDS STATUTORY ALLOCATIONS

Governor/Legislature: Modify statutory provisions relating to the calendar year allocation of community youth and family aids (youth aids) funding in the 2013-15 biennium. Under the bill, no change to base funding is provided, but references to specific fiscal years are updated from the 2011-13 biennium to the 2013-15 biennium.

Under current law and the bill, total youth aids funding is \$90,956,100 (\$88,506,900 GPR and \$2,449,200 PR). Statutory provisions identify how specific youth aids allocations should be distributed, including: (a) youth aids funding appropriated in the biennium for distribution to counties (\$65,992,200 GPR and \$2,449,200 PR); (b) youth aids increases provided under 1999 Act 9 (\$4,000,000 GPR), which are paid to counties according to a three-factor formula; (c) youth aids increases provided under 2001 Act 16 (\$2,106,500 GPR), which are paid to counties according to the three-factor formula and an additional override factor; (d) youth aids funding earmarked for emergency funding and arrest supplements for small counties (\$450,000 GPR); (e) youth aids funding earmarked for counties participating in the corrective sanctions program (\$2,124,800 GPR), (f) youth aids funding earmarked for alcohol and other drug abuse treatment programs (\$1,333,400 GPR; and (g) youth aids increases provided under 2007 Act 20 (\$12,500,000 GPR), which are based on the proportional number of juveniles in correctional facilities during the most recent three-year period.

[Act 20 Sections: 2139 thru 2141, and 2143 thru 2147]

10. EXTENSION OF OUT-OF-HOME PLACEMENT FOR JUVENILES WITH INDIVIDUALIZED PLACEMENTS [LFB Paper 190]

Governor: Modify current law to provide that if a juvenile, placed in a foster home, group home, or residential care center for children and youth or in the home of a relative other than a parent, is a full-time student at a secondary school or its vocational or technical equivalent and if an individualized education program is in effect for the juvenile, the court may extend the expiration date of the out-of-home placement until the date on which the juvenile reaches 21 years of age.

Under current law, if a juvenile adjudicated delinquent or adjudged in need of protection or services is placed in out-of-home care (foster home, group home, or residential care center for children and youth or in the home of a relative other than a parent) by dispositional order, the order must terminate: (a) when the juvenile attains 18 years of age; (b) at the end of one-year

after the date on which the order is granted; or (c) if the juvenile is a full-time student at a secondary school or its vocational or technical equivalent and is reasonably expected to complete the program before attaining 19 years of age, when the juvenile attains 19 years of age, whichever is later.

Further, if a change in placement to out-of-home occurs, the court may extend the expiration date of the original order: (a) to the date on which the juvenile attains 18 years of age; (b) to the date that is one year after the date of the change in placement order; or (c) if the juvenile is a full-time student at a secondary school or its vocational or technical equivalent and is reasonably expected to complete the program before attaining 19 years of age, to the date on which the juvenile attains 19 years of age, whichever is later.

Also, if the court extends the original disposition for an out-of-home placement, such an extension must be for a specified length of time not to exceed: (a) the date on which the juvenile attains 18 years of age; (b) one year after the date on which the order is granted; or (c) if the juvenile is a full-time student at a secondary school or its vocational or technical equivalent and is reasonably expected to complete the program before attaining 19 years of age, the date on which the juvenile attains 19 years of age, whichever is later.

The bill would extend the time period for which a juvenile may be placed in out-of-home care if the juvenile is a full-time student at a secondary school or its vocational or technical equivalent and if an individualized education program is in effect for the juvenile, the date on which the juvenile reaches 21 years of age.

Joint Finance/Legislature: Delete provision. Instead, place \$945,700 GPR in 2014-15 in the Joint Committee on Finance's supplemental appropriation, and create a non-statutory provision specifying that the funding may only be used if separate legislation is enacted regarding the extension of out-of-home care up to age 21 for youth who have an individualized education program. [See "Children and Families -- Children and Families."]

11. JUVENILE PLACEMENTS IN JUVENILE DETENTION FACILITIES

Joint Finance/Legislature: Modify s. 938.34(3)(f) of the statutes to authorize a juvenile's placement from 180 days to 365 days at a juvenile detention facility, a juvenile portion of a county jail, or a place of non-secure custody designated by the court.

Under current law, there are nine major types of out-of-home placements available as juvenile dispositions. Listed in order from least restrictive to most restrictive, the out-of-home placement options available to the court are: (a) the home of a relative; (b) a non-relative's home not licensed for foster care for less than 30 days; (c) a licensed foster home; (d) a licensed treatment foster home; (e) a licensed group home providing residential care for five to eight juveniles; (f) a licensed residential treatment center; (g) a juvenile detention facility or juvenile portion of a county jail for no more than 180 days, provided a county board resolution has been passed authorizing use of the facility for dispositional purposes; (h) a Type 2 residential care center for children and youth under the supervision of the county department; or (i) a Type 1 juvenile correctional facility or a secured residential care center for children and youth.

As a dispositional order, a juvenile may be placed in a juvenile detention facility or juvenile portion of a county jail that meets the standards promulgated by Corrections by rule or in a place of non-secure custody designated by the court, subject to all of the following:

a. The placement may be for any combination of single or consecutive days totaling not more than 180 days, including any other less restrictive placement. [The juvenile is given credit against the period of detention or non-secure custody imposed for all time spent in secure detention in connection with the course of conduct for which the detention or non-secure custody is imposed.]

b. The order may provide that the juvenile may be released from the juvenile detention facility, juvenile portion of the jail, or place of non-secure custody during specified hours to attend school, to work at the juvenile's place of employment or to attend or participate in any activity which the court considers beneficial to the juvenile.

c. The use of placement in a juvenile detention facility or in a juvenile portion of a county jail as a disposition is subject to the adoption of a resolution by the county board of supervisors authorizing the use of those placements as a disposition.

d. If a juvenile's placement exceeds 30 days, whether or not consecutive, the county department must offer the juvenile alcohol or other drug abuse treatment, counseling, and education services.

[Act 20 Sections: 2325q and 2333q]

12. MODIFY CONFIDENTIALITY OF JUVENILE RECORDS PROVISION

Joint Finance/Legislature: Modify s. 938.78(2)(b) to allow the confidential exchange of information to include a health care provider. Specify that the health care provider must keep the information obtained confidential. Further, add victim-witness coordinators and fire investigators to those who must keep the information confidential if obtained.

Under current law, there are certain exceptions to the confidentiality of juvenile records, including the confidential exchange of information between an agency and another social welfare agency, a law enforcement agency, the victim-witness coordinator, a fire investigator, a public school district or a private school regarding an individual in the care or legal custody of the agency. The provision specifies that a social welfare agency, law enforcement agency, public school, or private school that obtains the information must keep it confidential. [See "Children and Families -- Children and Families."]

[Act 20 Section: 2336f]

COURT OF APPEALS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
GPR	\$20,954,000	\$20,514,200	\$20,514,200	\$20,514,200	\$20,514,200	-\$439,800	- 2.1%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	75.50	75.50	75.50	75.50	75.50	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$439,800
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Governor/Legislature: Provide base budget funding adjustments for: (a) full funding of salary and fringe benefits (-\$250,700 annually); and (b) full funding of lease and directed moves costs (\$20,100 in 2013-14 and \$41,500 in 2014-15).

DISTRICT ATTORNEYS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$83,790,200	\$87,189,100	\$88,030,900	\$88,030,900	\$88,030,900	\$4,240,700	5.1%
PR	<u>6,623,800</u>	<u>6,929,100</u>	<u>6,929,100</u>	<u>6,929,100</u>	<u>6,929,100</u>	<u>305,300</u>	4.6
TOTAL	\$90,414,000	\$94,118,200	\$94,960,000	\$94,960,000	\$94,960,000	\$4,546,000	5.0%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	380.90	380.90	383.95	383.95	383.95	3.05
PR	<u>44.00</u>	<u>42.00</u>	<u>42.00</u>	<u>42.00</u>	<u>42.00</u>	<u>- 2.00</u>
TOTAL	424.90	422.90	425.95	425.95	425.95	1.05

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$15,200
PR	<u>503,000</u>
Total	\$518,200

Governor/Legislature: Provide standard adjustments totaling \$7,600 GPR and \$251,500 PR annually. Adjustments are for: (a) turnover reduction (-\$203,300 GPR annually); (b) full funding of continuing salaries and fringe benefits (\$116,000 GPR and \$251,500 PR annually); and (c) night and weekend differential (\$94,900 GPR annually).

2. PAY PROGRESSION -- ASSISTANT DISTRICT ATTORNEYS [LFB Paper 245]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$4,406,500	\$237,400	\$4,643,900

Governor: Provide \$948,900 in 2013-14 (\$819,800 in permanent position salary funding and \$129,100 in fringe benefits funding), and \$3,457,600 in 2014-15 (\$2,987,200 in permanent position salary funding and \$470,400 in fringe benefits funding), for pay progression compensation increases for assistant district attorneys (ADAs). The recommendation provides funding to: (a) increase each prosecutor's compensation to the next highest pay progression step in 2013-14; and (b) provide a 10% increase in compensation for each ADA in 2014-15, except for ADAs in Brown, Jefferson, Outagamie, Ozaukee, and Winnebago Counties whose elected DAs requested funding for one pay progression step.

Under 2011 Act 238, an annual pay progression plan was created for ADAs to provide increased compensation for prosecutors. The pay progression plan consists of 17 hourly salary steps, with each step equal to one-seventeenth of the difference between the lowest annual salary (currently \$49,429) and the highest annual salary (currently \$119,471) for ADAs contained in the state compensation plan. Under the current state compensation plan, the value of one hourly salary step for ADAs equals \$4,120 annually. Beginning with the first pay period that occurs on or after July 1, 2014, and with the first pay period that occurs on or after each succeeding July 1, a supervising DA may increase the hourly salary of an ADA by an hourly salary step, or part thereof, above the prosecutor's hourly salary on the immediately preceding June 30. Notwithstanding the creation of a 17 hourly salary step pay progression plan, supervising DAs are authorized to: (a) deny annual salary increases to individual ADAs; and (b) increase the salary of individual ADAs by up to 10% per year. Currently, at the minimum annual salary of \$49,429, a 10% annual wage increase (\$4,942.90) exceeds the value of the current hourly step (\$4,120). There is no base funding for the pay progression system for ADAs created under Act 238.

Under current law, ADAs are the only class of attorneys in state government to have a statutorily established pay progression system to provide increased compensation. Under the Governor's budget recommendations, a pay progression system would be established for assistant state public defenders and assistant attorneys general.

Joint Finance/Legislature: Modify current law to include deputy district attorneys in the ADA pay progression plan. Provide \$69,500 in 2013-14, and \$167,900 in 2014-15, to extend pay progression to deputy district attorneys.

[Act 20 Sections: 397m, 2013m, and 2360m]

3. GPR EXPENDITURE REDUCTIONS

GPR	- \$1,022,800
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Governor/Legislature: Delete \$511,400 annually (\$369,800 in permanent position salary funding and \$141,600 in fringe benefits funding annually) to implement the reductions required of the DA function by the Department of Administration to permanently implement the lapse requirements of 2011 Act 32. [As permanent position authority is not deleted, the funding may be restored to the DA function under the state pay plan supplementation process if it is requested and approved.]

4. FUNDING FOR MILWAUKEE COUNTY CLERKS

PR	\$75,900
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Governor/Legislature: Provide \$36,200 in 2013-14, and \$39,700 in 2014-15, to fully fund the salary and fringe benefits costs of 6.5 clerks in the Milwaukee County District Attorney's Office who provide clerical services to prosecutors handling violent crime and felony drug violation cases in Milwaukee County's speedy drug and violent crime courts, and unlawful possession or use of firearms cases. Program revenue funding is generated from the \$3.50 special prosecution clerks surcharge which is only collected in Milwaukee County. Base funding for the clerks is \$314,300 annually.

5. REMOVE PERMANENT POSITIONS FROM BASE

	Funding	Positions
PR	- \$273,600	- 2.00

Governor/Legislature: Reduce the PR continuing gifts and grants appropriation by \$136,800 (\$98,900 in permanent position salary funding and \$37,900 in fringe benefits funding) and 2.0 positions annually to eliminate 2.0 prosecutor positions in Milwaukee County for which federal grant funding to support the positions is no longer available.

6. INCREASE EXISTING PART-TIME ASSISTANT DISTRICT ATTORNEY POSITION AUTHORITY

	Funding	Positions
GPR	\$604,400	3.05

Joint Finance/Legislature: Provide \$302,200 and 3.05 positions annually to increase part-time prosecutor positions to full-time in the following District Attorney offices:

<u>County</u>	<u>Annual Funding</u>	<u>Additional ADA Position Authority</u>	<u>County</u>	<u>Annual Funding</u>	<u>Additional ADA Position Authority</u>
Ashland	\$39,500	0.25	St. Croix	\$54,700	0.80
Chippewa	30,300	0.25	Sauk	47,000	0.50
Columbia	18,700	0.25	Waushara	<u>34,200</u>	<u>0.50</u>
Oconto	77,800	0.50	Total	\$302,200	3.05

EDUCATIONAL COMMUNICATIONS BOARD

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$16,078,600	\$15,848,600	\$15,848,600	\$15,848,600	\$15,848,600	- \$230,000	- 1.4%
FED	2,343,600	2,343,600	2,343,600	2,343,600	2,343,600	0	0.0
PR	<u>19,958,200</u>	<u>21,298,800</u>	<u>21,298,800</u>	<u>21,298,800</u>	<u>21,298,800</u>	<u>1,340,600</u>	6.7
TOTAL	\$38,380,400	\$39,491,000	\$39,491,000	\$39,491,000	\$39,491,000	\$1,110,600	2.9%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	35.14	35.14	35.14	35.14	35.14	0.00
PR	<u>21.54</u>	<u>21.54</u>	<u>21.54</u>	<u>21.54</u>	<u>21.54</u>	<u>0.00</u>
TOTAL	56.68	56.68	56.68	56.68	56.68	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$578,600
PR	<u>140,400</u>
Total	\$719,000

Governor/Legislature: Adjust the base budget by \$286,200 GPR and \$67,800 PR in 2013-14 and \$292,400 GPR and \$72,600 PR in 2014-15 for: (a) full funding of continuing position salaries and fringe benefits (\$212,300 GPR and \$43,600 PR annually); (b) overtime (\$63,500 GPR and \$10,400 PR annually); (c) night and weekend pay differential (\$7,500 GPR and \$2,900 PR annually); and (d) full funding of lease and directed moves costs (\$2,900 GPR and \$10,900 PR in 2013-14 and \$9,100 GPR and \$15,700 PR in 2014-15).

2. PERMANENT GPR REDUCTIONS

GPR	- \$263,000
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Governor/Legislature: Reduce the general program operations appropriation by \$131,500 annually to meet annual GPR reduction targets under the lapse provisions of 2011 Act 32. This

would reduce the amounts budgeted for supplies and services by \$45,400 annually, for permanent property by \$36,100 annually, and for unallotted reserve by \$50,000 annually. Annual base level funding for this appropriation is \$2,775,100.

3. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	- \$752,800
PR	<u>200</u>
Total	- \$752,600

Governor/Legislature: Decrease funding by \$355,400 GPR in 2013-14 and \$397,400 in 2014-15 and increase funding by \$100 PR annually to reestimate debt service costs. Annual base level funding for debt service is \$3,253,800 GPR and \$13,800 PR.

4. REESTIMATE FUEL AND UTILITIES

GPR	\$207,200
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Governor/Legislature: Provide \$94,800 in 2013-14 and \$112,400 in 2014-15 for estimated increases in fuel and utility costs. Annual adjusted base level funding for fuel and utilities is \$755,800.

5. REESTIMATE GIFT AND GRANT FUNDS

PR	\$1,200,000
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Governor/Legislature: Provide an increase in expenditure authority of \$500,000 in 2013-14 and \$700,000 in 2014-15 to reflect projected increases in gifts and grants to the Educational Communications Board. Current expenditure authority for this appropriation is \$9,831,000.

EMPLOYEE TRUST FUNDS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$866,200	\$571,200	\$638,000	\$638,000	\$638,000	- \$228,200	- 26.3%
SEG	<u>71,664,400</u>	<u>83,079,700</u>	<u>82,837,500</u>	<u>82,837,500</u>	<u>82,837,500</u>	<u>11,173,100</u>	15.6
TOTAL	\$72,530,600	\$83,650,900	\$83,475,500	\$83,475,500	\$83,475,500	\$10,944,900	15.1%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
SEG	260.20	262.20	260.20	260.20	260.20	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$3,183,100
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Governor/Legislature: Provide adjustments to the base budget totaling \$1,575,000 in 2013-14 and \$1,608,100 in 2014-15. Adjustments are for: (a) turnover reduction (-\$406,800 annually); (b) full funding of continuing position salaries and fringe benefits (\$1,220,200 annually); (c) overtime (\$45,700 annually); (d) night and weekend differential pay (\$72,500 annually); and (e) full funding of lease and directed moves costs (\$643,400 in 2013-14 and \$676,500 in 2014-15).

2. MODERNIZING BUSINESS PROCESSES AND INTEGRATION OF INFORMATION TECHNOLOGY [LFB Paper 255]

SEG	\$7,800,000
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Governor: Provide \$3,500,000 in 2013-14 and \$4,300,000 in 2014-15 for reorganizing ETF's business processes and upgrading and integrating the agency's information technology systems. Funding would be provided to the Department's automated operating system appropriation. Currently, ETF utilizes a number of separate and incompatible systems, some of which are outdated. The goal of enhancing these systems is to provide better service to active

and inactive employees, retirees, and employers participating in the Wisconsin Retirement System, including the provision of online services so that all participants can make routine changes through their own initiative.

The Department is working to complete: (a) a mapping of its business processes; (b) an analysis of data integrity; (c) the implementation of new infrastructure for ETF's financial systems; (d) procurement and implementation of an integrated benefits administration system; and (e) the overall reengineering of its business processes. This redesign of internal business processes is to be carried out in conjunction with the improvement of the Department's information technology systems.

In addition to these resources, the bill includes several additional provisions relating to the business processes and technology modernization initiative:

Required Report. Require ETF to annually, before July 1, submit a report to the Secretary of Administration and the Joint Committee on Finance on the Department's progress in modernizing its business processes and integrating its information technology systems.

Process for Supplementing Appropriations. Provide that, during the 2013-15 biennium, the Secretary of ETF may request the Governor to supplement any sum certain appropriation from the public employee trust fund for the purpose of modernizing business processes or integrating information technology systems of the Department. Provide that the Governor may approve or modify the request. Require that, if the Governor proposes to approve or modify the request, the Governor must notify the Joint Committee on Finance in writing of his or her proposed action. If, within 14 working days after the date of the Governor's notification, the Co-Chairpersons of the Committee do not notify the Governor that the Committee has scheduled a meeting for the purpose of reviewing the proposed action, the supplements proposed by the Governor would be approved. If the Co-Chairpersons notify the Governor that the Committee has scheduled a meeting for the purpose of reviewing the proposed action, the supplements may be made only upon approval of the Committee.

Process for Supplementing Position Authorization. Provide that, during the 2013–15 biennium, the Secretary of ETF may request the Governor to create or abolish a full-time equivalent position or portion thereof that is funded from revenues deposited in the public employee trust fund, if the employee holding the position would perform duties relating to modernizing business processes or integrating information technology systems of the Department. Provide that the Governor may approve or modify the request. If the Governor proposes to approve or modify the request, the Governor must notify the Joint Committee on Finance in writing of his or her proposed action. If, within 14 working days after the date of the Governor's notification, the Co-Chairpersons of the Committee do not notify the Governor that the Committee has scheduled a meeting for the purpose of reviewing the proposed action, the position changes may be made as proposed by the Governor. If the Co-Chairpersons notify the Governor 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. Provide that, if a full-time equivalent position or portion thereof is created under this procedure, the appropriation that is used to pay salary and fringe benefit costs for the position would be

supplemented to cover the salary and fringe benefit costs for the position.

Joint Finance/Legislature: Modify the Governor's recommendations to provide that the 14-day passive review processes for funding and positions would be established through 2018-19, for the purpose of modernizing business processes or integrating information technology systems of the Department. As a result, the Secretary of ETF, before July 1, 2019, may make funding or position requests under the 14-day passive review process.

[Act 20 Sections: 713, 9112(1), and 9212(1)]

3. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE [LFB Paper 256]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$295,000	- \$8,200	- \$303,200

Governor: Reduce base level funding by \$112,000 in 2013-14 and \$183,000 in 2014-15 to reflect decreased amounts necessary to pay benefit supplements for retirees who first began receiving annuities before October 1, 1974. These supplements were authorized primarily by Chapter 337, Laws of 1973, 1983 Wisconsin Act 394, and 1997 Wisconsin Act 26. The reestimate is due to a declining number of retirees eligible for these supplements due to deaths. Current base level funding for the appropriation is \$433,100.

Joint Finance/Legislature: Delete \$4,100 annually for the benefit supplements. The revised sum sufficient estimate is based on the latest available projection of the supplements to be paid during the 2013-15 biennium. Total funding would be \$317,000 in 2013-14 and \$246,000 in 2014-15.

4. COUNSELING SERVICES

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$242,200	2.00	- \$242,200	- 2.00	\$0	0.00

Governor: Provide \$103,800 in 2013-14 and \$138,400 in 2014-15 for 2.0 positions to provide counseling services to Wisconsin Retirement System participants outside of Dane County.

Joint Finance/Legislature: Delete provision.

5. STATEWIDE WELLNESS INITIATIVE

SEG	\$190,000
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Governor/Legislature: Provide \$40,000 in 2013-14 and \$150,000 in 2014-15 to continue work on the state employee wellness program. Funding would provide supplies and services relating to the production of promotional and educational materials, website development, program reports, and hosting wellness fairs and educational seminars. The wellness program is a multi-year initiative to improve the overall health status of state employees, with a focus on both prevention and improved health care management for those with chronic conditions. The program is also intended to help reduce the overall costs of the providing health care coverage to state employees.

6. STATE EMPLOYEE HIGH-DEDUCTIBLE HEALTH PLANS AND HEALTH SAVINGS ACCOUNTS [LFB Paper 257]

Governor: Provide that, beginning on January 1, 2015, the Group Insurance Board (GIB) must offer to all state employees, in addition to currently available health care coverage plans, the option of receiving health care coverage through a high-deductible health plan (HDHP) and the establishment of a health savings account (HSA). An employee choosing this option would be required to receive health care coverage through the HDHP. The state would also be required to make contributions, if any, into each employee's HSA in an amount specified by the Director of the Office of State Employment Relations (OSER). In designing an HDHP, GIB would be required to ensure that the plan may be used in conjunction with an HSA.

Provide that, beginning on January 1, 2015, to the extent practicable, any agreement with any insurer or provider to provide health care coverage to state employees must require the insurer or provider to also offer an HDHP that may be used in conjunction with an HSA.

Provide that the definitions of an HDHP and an HSA would conform to the definitions of these terms in federal law. Under federal law, the term "high deductible health plan" means a health plan that has an annual deductible not less than \$1,250 for self-only coverage, and not less than \$2,500 for family coverage. In addition, the sum of the annual deductible and any other annual out-of-pocket expenses required to be paid under the plan (other than for premiums) for covered benefits may not exceed \$6,250 for self-only coverage and \$12,500 for family coverage. These minimum deductible and maximum out-of-pocket amounts reflect the 2013 limits under federal law. These amounts are adjusted annually to reflect inflation.

Under federal law, the term "health savings account" means a trust created or organized in the United States as a health savings account exclusively for the purpose of paying the qualified medical expenses of the account beneficiary, but only if the written governing instrument creating the trust conforms to certain limitations on total individual and employer contributions. In 2013, these limits are \$3,250 for individuals and \$6,450 for families. These amounts are adjusted annually. Those 55 years of age and older may also make annual catch-up contributions up to \$1,000. Since tax year 2011, Wisconsin has recognized the federal treatment of HSAs.

Require the OSER Director to determine annually the amount of contributions, if any, that the state must contribute into an employee's HSA and the amount that employees are required to

pay for health insurance premiums for the HDHP that is offered. Provide that any state employee may request in writing through the state agency in which the employee is employed that a specified part of the employee's salary be deducted and paid by the state into an HSA.

Require ETF to establish and maintain a separate account in the employee trust fund to which all moneys received from employees and employers in connection with HSAs are credited. The Secretary of ETF would also be required to promulgate, with the approval of GIB, all rules required for the administration of the HSAs.

Require GIB to establish HSAs for state employees who select coverage under an HDHP and authorize GIB to contract with any person to provide administrative and other services relating to HSAs established under these provisions. Provide that GIB may collect fees from state agencies to pay all administrative costs relating to the establishment and operation of health savings accounts established under these provisions. The Board would also be required to develop a methodology for determining each state agency's share of the administrative costs. Moneys collected would be credited to a newly created ETF continuing appropriation account for health savings account plans.

For an employee HSA, as proposed under the bill, contributions may be made by the employee, or his or her employer, or both. Contributions to an HSA, as well as interest earnings on the account, are not taxed and the account balance carries forward each year. The HSA remains an asset of the employee, even if the employee leaves for a new job or retires. An individual may withdraw money from the HSA for qualified medical expenses or for nonmedical expenses. However, if used for nonmedical expenses, the amount withdrawn is subject to taxation and, if the individual is under the age of 65 years, a 20% penalty.

Joint Finance/Legislature: In addition to the Governor's provisions, provide that, before GIB offers state employees the option of receiving health care coverage through a program that consists of a high-deductible health plan and the establishment of a health savings account, GIB and the OSER Director would be required to design a proposed program that specifies key actuarial parameters of the program, including proposed required deductible amounts, out-of-pocket maximum limits, premium rates, employer contributions to health savings accounts, and any other relevant factors. Require that GIB submit the proposed program for an actuarial analysis to determine the fiscal effect of the proposed program on state employee health care costs. If the actuary determines that short-term or long-term state employee health care costs will increase under the proposed program, the actuary must make recommendations to make the program more cost-effective. Provide that GIB and the OSER Director consider the actuary's recommendations, if any, in designing a program that consists of a high-deductible health plan and the establishment of a health savings account.

In addition, require the Secretary of ETF and the OSER Director to study the feasibility and cost-effectiveness of providing health reimbursement accounts instead of health savings accounts to state employees. No later than January 31, 2014, the Secretary of ETF and the OSER Director would be required to report their findings and recommendations to the Governor and the Joint Committee on Finance.

[Act 20 Sections: 462, 491, 705, 706, 711, 716, 719, 730, 753, and 9112(4L)&(4m)]

7. TOBACCO USER SURCHARGE FOR STATE EMPLOYEE HEALTH INSURANCE [LFB Paper 258]

Governor: Provide that, notwithstanding fair employment law relating to discrimination, the Group Insurance Board, beginning in 2014, would be required to impose a premium surcharge for state employee health care coverage for eligible employees who use tobacco products. Provide that the Group Insurance Board may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products.

The provision would also apply to state annuitants who participate in a state health care plan. Provide that the premium surcharges paid by annuitants who use tobacco products must be used to reduce future health care coverage premiums for annuitants and to reimburse ETF for costs incurred by the Department in providing health care coverage to annuitants. Require the Secretary of DOA to annually determine the surcharge amounts that are to be used to reimburse ETF for costs incurred by the Department in providing health care coverage to annuitants and to transfer that amount to the ETF appropriation account for administration (general program operations).

Provide that, during 2014 and 2015, the Group Insurance Board, must impose a premium surcharge of \$50 a month for state employee health care coverage for eligible employees who use tobacco products. Provide that the Director of the Office of State Employment Relations (OSER), who establishes employee health insurance contribution requirements annually, must consider the amount of premium surcharges that employees are required to pay for the use of tobacco products when establishing employee health insurance premium contributions.

Joint Finance/Legislature: Modify the Governor's recommendation by deleting the provision that the Group Insurance Board may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products. Instead, provide that the Group Insurance Board may require the retroactive payment of any premium surcharges by an eligible employee who falsely claims that he or she does not use tobacco products, to the extent allowable under federal law.

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

[Act 20 Vetoed Sections: 715, 731, and 9112(2)]

8. MODIFICATION OF GROUP INSURANCE BOARD AUTHORITY

Governor/Legislature: Repeal current law provisions that prohibit the Group Insurance Board from entering into any agreements to modify or expand group insurance coverage in a manner which conflicts with state law or rules of the Department or materially affects the level of premiums required to be paid by the state or its employees, or the level of benefits to be provided, under any group insurance coverage. Under current law, this restriction may not be construed to: (a) prevent modifications required by law; (b) prohibit the Group Insurance Board from modifying the standard plan to establish a more cost effective benefit plan design or providing optional insurance coverages as alternatives to the standard insurance coverage when

any excess of required premium over the premium for the standard coverage is paid by the employee; (c) prohibit the Group Insurance Board from encouraging participation in wellness or disease management programs; or (d) prohibit the Group Insurance Board from providing other group insurance plans as authorized by law.

The bill provides instead that the Group Insurance Board may not enter into any agreement to modify or expand benefits under any group insurance plan, unless the modification or expansion is required by law or would maintain or reduce premium costs for the state or its employees in the current or any future year. Specify that a reduction in premium costs in future years includes a reduction in any increase in premium costs that would have otherwise occurred without the modification or expansion. Provide that these provisions may not be construed to prohibit the Group Insurance Board from encouraging participation in wellness or disease management programs or providing optional coverages, if the premium costs for those coverages are paid by the employees.

[Act 20 Section: 714]

9. STATE EMPLOYEE HEALTH INSURANCE PREMIUMS

Governor/Legislature: Provide that the state may not pay an amount for state employee health insurance premiums that is more than 88% of the average premium costs of plans offered in each tier, as determined annually by the Director of the Office of State Employment Relations (OSER).

Under current law, state employee health coverage plans are classified in one of three tiers with the lowest cost, most cost effective plans in tier 1. The OSER Director must annually establish the amounts that employees are required to pay for health insurance premiums subject to the general provision that the state may not pay an amount that is more than 88% of the average premium costs of tier 1 plans.

Further, the bill provides that, for purposes of establishing the amount that employees are required to pay for health insurance premiums, if a tier contains no health insurance plans, but that tier is used to establish the premium amounts for employees who work and reside outside of the state, the amount these employees are required to pay would be based on the premium contribution amount for that tier in the prior year, adjusted by the average percentage change of the premium contribution amount of the other tiers from the prior year.

[Act 20 Sections: 726 thru 728]

10. STATE CRAFT EMPLOYEE HEALTH INSURANCE PREMIUM CONTRIBUTIONS

Governor/Legislature: Provide that a state craft employee would be required to pay 100% of employee health insurance premiums, unless otherwise determined by the Director of the Office of State Employment Relations. Under the bill, a craft employee would be defined as a

state employee who is a skilled journeyman craftsman, including the skilled journeyman craftsman's apprentices and helpers, but does not include employees who are not in direct line of progression in the craft. Craft employees may be either nonrepresented or in a collective bargaining unit for which a representative is recognized or certified by the state.

The provision codifies current practice with respect to health insurance contributions by craft employees.

[Act 20 Sections: 699 and 729]

11. REQUIREMENTS FOR REHIRED ANNUITANTS [LFB Paper 259]

Governor: Modify the required break-in-service provision for rehiring Wisconsin Retirement System (WRS) annuitants from 30 to 75 days. Under current law, a WRS participant who applies for a retirement annuity must wait at least 30 days between the termination of employment with his or her WRS employer and returning to covered employment with any WRS employer. If the 30-day break-in-service requirement is violated, the individual is not entitled to receive a retirement annuity.

Provide that, if a participant receiving a retirement annuity, or a disability annuitant who has attained his or her normal retirement date, is employed in a position in WRS covered employment in which he or she is expected to work at least two-thirds of what is considered full-time employment by ETF, the participant's annuity must be terminated and no annuity payment may be payable until after the participant terminates covered employment.

Under current law, when a WRS participant terminates employment and receives an annuity he or she may return to covered employment (subject to the 30-day break-in-service requirement). The rehired individual may either: (a) terminate the annuity and again become a WRS participating employee; or (b) continue to receive the annuity in addition to the earned wages from covered employment. If the annuity is not terminated, the employee may not be a participant in the WRS and, in the case of state employment, is not eligible for group insurance benefits provided to participating employees. Further, the employee may not use any of his or her employment service as a rehired annuitant for any WRS purposes. If the rehired employee does terminate his or her annuity, he or she returns to participating-employee status and is eligible for all group insurance benefits provided other participating employees and accumulates additional creditable service under the WRS. Such additional creditable service is applicable to a recalculated retirement annuity when the individual again leaves WRS employment.

The provisions would first apply to participating WRS employees who terminate covered employment on the effective date of the bill.

Joint Finance/Legislature: In addition to the Governor's recommendations, provide that, if a participant receiving a retirement annuity, or a disability annuitant who has attained his or her normal retirement date, enters into a contract to provide employee services with a participating employer and he or she is expected to work at least two-thirds of what is considered full-time employment by ETF, as determined by rule, the participant's annuity must be

suspended and no annuity payment may be payable until after the participant no longer provides employee services under the contract.

Create new statutory procedures for administering the WRS accounts of rehired annuitants, as follows. These procedures would apply to both required annuity suspensions, as provided under the bill, and to voluntary annuity suspensions as permitted rehired annuitants under current law.

a. Provide that the annuity would be suspended, including any amount provided by additional contributions, and no annuity payment would be payable after the month in which the participant files with ETF a written election to be included within the provisions of the Wisconsin Retirement System as a participating employee, or the annuity is required to be suspended as a result of meeting the two-thirds threshold.

b. Upon suspension of an annuity, the retirement account of the participant whose annuity is suspended would be established on the following basis: (1) the amount of the annuity payments that would have been paid under the suspended annuity, from the original annuity suspension date to the subsequent retirement date, would be credited to a memorandum account; and (2) upon becoming a participating employee, a subsequent retirement account would be established and would include the memorandum account amounts specified above (the suspended annuity payments), interest, and any contributions made, and creditable service earned, during the subsequent participating employment.

c. Upon the subsequent retirement and application for an annuity, the suspended annuity would be reinstated and the subsequent annuity of a former annuitant would be computed as an original annuity, based upon the participant's attained age on the effective date of the subsequent annuity, in an optional form as elected by the participant. The subsequent annuity would be initiated at the same time the suspended annuity is reinstated.

Repeal current law provisions relating to the termination of annuity payments, reestablishment of retirement accounts, and recomputed annuities for rehired annuitants that are inconsistent with these alternative provisions. Authorize the Secretary of ETF to promulgate emergency rules relating to these provisions as provided under current law. Provide that the Secretary would not be required to provide evidence that promulgating a rule as an emergency rule is necessary for the preservation of the public peace, health, safety, or welfare, and would not be required to provide a finding of emergency for these promulgated rules. Provide that these account administration provisions would first apply to annuitants who return to employment as participating employees in the Wisconsin Retirement System on the effective date of the bill.

[Act 20 Sections: 716b thru 716j, 733m, 737m, 738d, 738p, 746m thru 749, 754m, 9112(3L), and 9312(1)&(2L)]

12. WISCONSIN RETIREMENT SYSTEM ELIGIBILITY FOR NEW HIRES

Governor/Legislature: Provide that an employee who was a WRS participating employee

before July 1, 2011, would not be subject to the two-thirds WRS eligibility requirement for employees hired on or after July 1, 2011.

Under current law, for individuals hired on or after July 1, 2011, to become a participant in the WRS, an individual must work for a covered employer at least two-thirds of what is considered full-time employment, as determined by ETF by rule (generally 1,200 hours per year, and 880 hours per year for teachers, school librarians, school administrators, and educational support personnel). For those initially employed by a WRS employer prior to July 1, 2011, an individual must work for a covered employer at least one-third of what is considered full-time employment, as determined by ETF by rule (generally 600 hours per year, and 440 hours per year for teachers, librarians, administrators, and educational support personnel). Therefore, under current law, individuals initially employed by a WRS employer prior to July 1, 2011, regardless of whether they participated in the WRS, are exempt from the two-thirds requirement if they are hired again on or after July 1, 2011.

Provisions of the bill delete the current law clause "initially employed by a participating employer before July 1, 2011" and substitute "a participating employee before July 1, 2011."

[Act 20 Sections: 737 and 738]

13. STATE AGENCY DATA SHARING WITH THE DEPARTMENT OF REVENUE [LFB Paper 559]

Governor/Legislature: Provide that ETF may, upon the request of the Department of Revenue (DOR), disclose information, including social security numbers, to DOR concerning an annuity. Information may only be disclosed for the following purposes: (a) to administer the payment of state taxes; (b) to aid in collecting debts owed to DOR; (c) to locate participants, or the assets of participants, who have failed to file tax returns, underreported their taxable income, or who are delinquent debtors; (d) to identify fraudulent tax returns and credit claims; or (e) to provide information for tax-related prosecutions. The provision is part of a broader initiative to allow state agency data sharing to address fraud, identity theft, and nonfiling or underreporting of taxable income. In addition to ETF, the bill would allow the Departments of Workforce Development, Children and Families, Health Services, and Transportation to share data with DOR. [See "Revenue -- Tax Administration."]

[Act 20 Section: 733]

14. INTERNAL REVENUE CODE UPDATE OF RETIREMENT AND EMPLOYEE BENEFIT LAW

Governor/Legislature: Conform the provisions of Chapter 40 of the statutes to certain requirements of the Internal Revenue Code (IRC). Chapter 40 relates to the administration of the public employee trust fund, the Wisconsin Retirement System (WRS), health insurance coverage and other public employee benefit programs. The bill's provisions include updating certain Chapter 40 provisions to clarify IRC requirements and provide appropriate IRC cross references,

in the following areas: (a) definitions of Chapter 40 terminology; (b) trust fund accounts and reserves; (c) employee retirement contributions; (d) benefit assignments and corrections; (e) preserved participant rights; (f) retirement annuities; (g) intrastate retirement reciprocity; (h) maximum benefit limitations; (i) limitations on contributions; (j) life insurance benefits; (k) state deferred compensation plan; and (l) employee-funded reimbursement accounts.

The WRS is currently established as a governmental plan and as a qualified plan for federal income tax purposes under the IRC. Under current law, no WRS benefit plan may be administered in a manner which violates a provision of the IRC that authorizes or regulates the benefit plan or that would cause an otherwise tax exempt benefit to become taxable under the IRC. Officials of ETF indicate that, while the administration and operation of the WRS and other employee benefit programs conform to these federal requirements, the statutes require updating to reflect current IRC provisions.

[Act 20 Sections: 696 thru 698, 700 thru 704, 707 thru 709, 710, 712, 717, 718, 720 thru 725, 732, 734 thru 736, 739 thru 745, 750 thru 752, 754, and 755 thru 758]

15. STUDY OF OPTIONS RELATING TO STATE EMPLOYEE HEALTH INSURANCE COVERAGE

GPR	\$75,000
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Joint Finance/Legislature: Provide \$75,000 in 2013-14 for an actuarial study of options relating to state employee health insurance coverage. Create an annual, sum-certain appropriation for this purpose, and repeal the appropriation effective July 1, 2014. Require the Secretary of ETF and the OSER Director to study the feasibility of: (a) excluding from state employee health care coverage the spouses and domestic partners of state employees who are eligible to receive health care coverage through their own employers; and (b) offering a \$2,000 annual incentive payment to any state employee who, although eligible to receive health care coverage under the state employee plans, elects not to receive that coverage.

Require that the Secretary of ETF and the OSER Director design a plan for implementing these initiatives and contract for an actuarial study of the plan. No later than June 30, 2014, the Secretary of ETF and the OSER Director would be required to report their findings, the results of the actuarial study, and their recommendations to the Governor and the Joint Committee on Finance.

[Act 20 Sections: 461pg, 461pr, 9112(3q), and 9412(1q)]

EMPLOYMENT RELATIONS COMMISSION

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$5,149,600	\$3,178,400	\$3,178,400	\$3,178,400	\$3,178,400	-\$1,971,200	- 38.3%
PR	<u>1,246,400</u>	<u>288,400</u>	<u>288,400</u>	<u>288,400</u>	<u>288,400</u>	<u>- 958,000</u>	- 76.9
TOTAL	\$6,396,000	\$3,466,800	\$3,466,800	\$3,466,800	\$3,466,800	-\$2,929,200	- 45.8%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	20.50	9.01	9.01	9.01	9.01	- 11.49
PR	<u>5.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>- 5.00</u>
TOTAL	25.50	9.01	9.01	9.01	9.01	- 16.49

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$20,900
PR	<u>- 385,000</u>
Total	-\$364,100

Governor/Legislature: Provide adjustments to the base budget totaling -\$183,300 (\$9,200 GPR and -\$192,500 PR) in 2013-14 and -\$180,800 (\$11,700 GPR and -\$192,500 PR) in 2014-15. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (\$2,500 GPR and -\$192,500 PR annually); and (b) full funding of lease and directed moves costs (\$6,700 GPR in 2013-14 and \$9,200 GPR in 2014-15). In addition, under the standard budget adjustment for minor transfers, within the same appropriation, \$39,900 PR annually would be transferred from unallotted reserve to supplies and services.

2. COMMISSION RESTRUCTURING [LFB Paper 265]

Governor: Delete \$786,600 GPR and \$245,600 PR in 2013-14, \$1,205,500 GPR and \$327,400 PR in 2014-15, and

	Funding	Positions
GPR	-\$1,992,100	- 11.49
PR	<u>- 573,000</u>	<u>- 5.00</u>
Total	-\$2,565,100	- 16.49

11.49 GPR and 5.00 PR positions annually to downsize the Wisconsin Employment Relations Commission (WERC).

Provide that each of the three WERC Commissioners would be appointed to two-thirds of a full-time equivalent position (currently, the positions are full-time). Provide that WERC Commissioners would be exempt from a requirement that a commissioner in state service may not hold any other office or position of profit or pursue any other business or vocation, but must devote his or her entire time to the duties of his or her office. These provisions would first apply to the WERC Commissioners on the effective date of the bill.

Delete the authority of the Commission Chairperson to appoint an executive assistant to serve at his or her pleasure outside the classified service. Under current law, the executive assistant is required to perform duties as the Chairperson prescribes. Provide that the Commission's division administrator must be appointed by the Commission Chairperson. Under current law, the appointment authority for the division administrator is not specified.

Provide that WERC would be attached to the Department of Workforce Development. Under current law, any division, office, commission, council or board attached to a department or independent agency or a specified division thereof is required to be a distinct unit of that department, independent agency or specified division. Any attached division, office, commission, council or board is required to exercise its powers, duties and functions prescribed by law, including rule making, licensing and regulation, and operational planning within its area of program responsibility independently of the head of the department or independent agency. However, budgeting, program coordination and related management functions must be performed under the direction and supervision of the head of the department or independent agency.

The Executive Budget book indicates that the reduction in funding and positions for the Commission is being proposed to reflect decreased workload, and the attachment of the Commission to DWD is being proposed to create additional efficiencies.

Joint Finance/Legislature: Modify the Governor's recommendations, as follows: (a) provide that the budget of WERC must be transmitted by DWD to the Governor without change or modification by the Department, unless agreed to by the WERC Commissioners; (b) provide that WERC Commissioners may not engage in any other occupation, business or activity that is in any way inconsistent with the performance of the duties of WERC Commissioners, nor may a Commissioner hold any other public office; and (c) delete 1.0 GPR legal support staff-confidential position and provide 1.0 GPR paralegal-advanced position to address an intended change that was not made in the bill.

[Act 20 Sections: 33 thru 35, 47, 2005, 2010, and 9313(1)]

3. CLARIFY COLLECTIVE BARGAINING PROHIBITION FOR PUBLIC SAFETY EMPLOYEES

Joint Finance/Legislature: Provide that, except for the employee premium contribution,

all costs and payments associated with health care coverage plans and the design and selection of health care coverage plans by the municipal employer for public safety employees, and the impact of such costs and payments and the design and selection of the health care coverage plans on the wages, hours, and conditions of employment of the public safety employee are a prohibited subject of bargaining.

Provide that the provision first applies to a public safety employee who is affected by a collective bargaining agreement that contains provisions inconsistent with this act on the day on which the collective bargaining agreement expires or is terminated, extended, modified, or renewed, whichever occurs first.

Under current law, municipal employees who are police officers, fire fighters, or emergency medical service providers for emergency medical services departments (public safety employees) may bargain collectively over wages, hours, and conditions of employment. Public safety employees, however, may not bargain over a subject that is identified as a prohibited subject of bargaining. Under current law, the design and selection of a health care coverage plan, as well as the impact of the design and selection of the plan on wages, hours, and conditions of employment of the employee, are prohibited subjects for public safety employees. The provision would modify the current law provision by: (a) specifying that all costs and payments associated with a health care coverage plan, as well as the impact of the costs and payments on the wages, hours, and conditions of employment of the employee, are prohibited subjects for public safety employees; and (b) providing that public safety employees may collectively bargain over the employee premium contribution.

[Act 20 Sections: 1722p and 9329(1e)]

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$80,497,000	\$77,920,400	\$77,920,400	\$77,920,400	\$77,920,400	-\$2,576,600	- 3.2%
SEG	<u>16,000,000</u>	<u>16,000,000</u>	<u>16,000,000</u>	<u>16,000,000</u>	<u>16,000,000</u>	<u>0</u>	0.0
TOTAL	\$96,497,000	\$93,920,400	\$93,920,400	\$93,920,400	\$93,920,400	-\$2,576,600	- 2.7%
BR		\$7,100,000	-\$44,900,000	-\$44,900,000	-\$44,900,000		

FTE Position Summary
Positions for the Environmental Improvement Fund program are provided under the Departments of Administration and Natural Resources

Budget Change Items

1. PROGRAM BONDING AUTHORITY [LFB Papers 270 and 271]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR-GO	\$7,100,000	-\$44,600,000	-\$37,500,000
BR-REV	<u>0</u>	<u>- 7,400,000</u>	<u>- 7,400,000</u>
Total BR	\$7,100,000	-\$52,000,000	-\$44,900,000

Governor: Provide an increase in general obligation bonding authority of \$7,100,000 for the safe drinking water loan program within the environmental improvement fund. State general obligation bonds are issued to pay for the 20% state match to the federal capitalization grant for the safe drinking water loan program. No new bonding authority would be provided for the clean water fund program. Revenue obligations are issued to provide financial assistance for municipal wastewater facility projects in the clean water fund program. State revenue bonds are retired primarily through repayments of program loans and issuance of general obligation bonds to pay for the state subsidy costs of low-interest loans in the clean water fund program.

The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban stormwater runoff control projects. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction, or modification of public water systems.

Joint Finance/Legislature: Provide the following changes in bonding authority: (a) reduce clean water fund general obligation bonding authority by \$42.9 million; (b) reduce clean water fund revenue obligation bonding authority by \$7.4 million; and (c) reduce safe drinking water loan program general obligation bonding authority by \$1.7 million. The bonding authority amounts are shown in the following table.

Environmental Improvement Fund (EIF) Bonding Authority

	<u>Current</u>	<u>Governor</u>	<u>Jt. Finance/Leg.</u>	<u>Total</u>
General Obligation				
Clean water fund program	\$783,743,200	\$0	-\$42,900,000	\$740,843,200
Safe drinking water loan program	<u>54,800,000</u>	<u>7,100,000</u>	<u>-1,700,000</u>	<u>60,200,000</u>
Subtotal	\$838,543,200	\$7,100,000	-\$44,600,000	\$801,043,200
Revenue Obligation				
Clean water fund program	<u>2,716,300,000</u>	<u>0</u>	<u>-7,400,000</u>	<u>2,708,900,000</u>
Total Bonding Authority	\$3,554,843,200	\$7,100,000	-\$52,000,000	\$3,509,943,200

[Act 20 Sections: 478v, 479, and 2096c]

2. PRESENT VALUE SUBSIDY LIMIT [LFB Papers 270, 271, and 272]

Governor: Provide a "present value subsidy limit" totaling \$106.3 million for the environmental improvement fund. The subsidy limit represents the estimated state cost, in 2013 dollars, to provide 20 years of state subsidy for the projects that would be funded in the 2013-15 biennium, that is, for the state to pay the difference between the actual low-interest state loan and a market rate loan. DNR and DOA estimate environmental improvement fund project demand of \$802.4 million for the 2013-15 biennium. The present value subsidy limit is based on federal grants for the program continuing to allow a principal forgiveness component.

No present value subsidy limit is proposed for the land recycling loan program because most of the funds authorized for that program have been allocated. The land recycling loan program provides financial assistance to certain local governments for the investigation and remediation of contaminated (brownfields) properties. Of the \$20 million authorized for the program, up to \$6.2 million may be loaned to the dry cleaner environmental response fund for reimbursement of cleanup costs at contaminated dry cleaner sites.

Joint Finance/Legislature: Provide a present value subsidy limit totaling \$89.1 million, based on an estimated 4.5% revenue market interest rate, as shown in the table. The \$300,000 in present value subsidy limit provided for the land recycling loan program would allow the

remaining unallocated land recycling loan program funds to be used for loans under the program, after the maximum \$6.2 million is transferred to the dry cleaner environmental response program.

EIF Present Value Subsidy Limit

	<u>2011-13</u> <u>Authorized</u>	<u>2013-15</u> <u>Governor</u>	<u>2013-15</u> <u>Jt. Finance/Leg.</u>
Clean water fund program	\$69,200,000	\$76,700,000	\$61,900,000
Safe drinking water loan program	30,700,000	29,600,000	26,900,000
Land recycling loan program	<u>0</u>	<u>0</u>	<u>300,000</u>
Total	\$99,900,000	\$106,300,000	\$89,100,000

[Act 20 Sections: 2093 thru 2096]

3. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	-\$2,576,600
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Governor/Legislature: Decrease funding by \$2,271,300 GPR in 2013-14 and by \$305,300 GPR in 2014-15 to estimate GPR debt service costs on state general obligation bonds and commercial paper debt issued for the environmental improvement fund. This would include: (a) -\$2,684,400 in 2013-14 and -\$881,100 in 2014-15 for the clean water fund program; and (b) \$413,100 in 2013-14 and \$575,800 in 2014-15 for the safe drinking water loan program. Actual and estimated debt service payments from 2010-11 through 2014-15 are shown in the table. Clean water fund program general obligation bond debt service is also paid from a sum certain SEG appropriation that receives a portion of loan repayments from municipalities from loans that were originally provided from the proceeds of general obligation bonds. The land recycling loan program is funded from clean water fund loan repayments of loans that were originally made with the proceeds of federal grants, and does not have a separate general fund debt service cost.

Environmental Improvement Fund Debt Service Expenditures

	<u>GPR Clean Water</u> <u>Fund Program</u>	<u>SEG Clean Water</u> <u>Fund Program</u>	<u>Safe Drinking</u> <u>Water Loan GPR</u>	<u>Total</u>
2010-11 Actual	\$28,509,300	\$9,000,000	\$1,656,100	\$39,165,400 *
2011-12 Actual	12,540,300	8,000,000	1,560,200	22,100,500 *
2012-13 Budgeted	35,417,000	8,000,000	4,831,500	48,248,500
2013-14 Bill	32,732,600	8,000,000	5,244,600	45,977,200
2014-15 Bill	34,535,900	8,000,000	5,407,300	47,943,200

*Expenditures are lower than otherwise would have occurred in 2010-11 and 2011-12 because of the deferral of certain principal payments on the state's general obligation debt programs.

FINANCIAL INSTITUTIONS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
PR	\$35,651,600	\$35,797,600	\$35,787,600	\$35,787,600	\$35,787,600	\$136,000	0.4%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
PR	136.54	141.54	141.54	141.54	141.54	5.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	-\$472,200
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Governor/Legislature: Adjust the agency's base budget for: (a) turnover reduction (-\$243,600 annually); (b) full funding of continuing position salaries and fringe benefits (-\$33,300 annually); and (c) full funding of lease and directed moves costs (\$28,900 in 2013-14 and \$52,700 in 2014-15).

2. BANK EXAMINER POSITIONS

	Funding	Positions
PR-REV	\$313,200	
GPR-Earned	37,600	
PR	\$275,600	2.00

Governor/Legislature: Provide \$117,000 in 2013-14 and \$158,600 in 2014-15, and 2.0 positions beginning in 2013-14 to provide two additional bank examiner positions to the Division of Banking. These positions are being created to ensure financial examinations of state-chartered banks are completed in a timely manner. Under current law, funding for the Division of Banking is provided through fees paid by regulated financial institutions, of which the Division retains 88% of the fees and the remaining 12% is credited to the general fund. These positions would be funded through an increase in fees paid by regulated financial institutions of \$133,000 in 2013-14 and \$180,200 in 2014-15. General fund revenues

would increase by \$16,000 in 2013-14 and \$21,600 in 2014-15.

3. CREDIT UNION EXAMINER POSITIONS

Governor/Legislature: Provide \$117,000 in 2013-14 and \$158,600 in 2014-15, and 2.0 positions beginning in 2013-14 to provide two additional financial examiner positions to the Office of Credit Unions. These positions are being created to ensure financial examinations of state-chartered credit unions are completed in a timely manner. Under current law, funding for the Office of Credit Unions is provided through fees paid by regulated credit unions, of which the Office retains 88% of the fees and the remaining 12% is credited to the general fund. These positions would be funded through an increase in fees paid by credit unions of \$133,000 in 2013-14 and \$180,200 in 2014-15. General fund revenues would increase by \$16,000 in 2013-14 and \$21,600 in 2014-15.

	Funding	Positions
PR-REV	\$313,200	
GPR-Earned	37,600	
PR	\$275,600	2.00

4. ADMINISTRATIVE REPORTS AND MAILINGS

PR	- \$6,600
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Governor/Legislature: Eliminate the requirement under laws governing nonstock corporations that the Department of Financial Institutions (DFI) must forward, by first class mail, a report form to every corporation that has filed an annual report during the past two years, and eliminate the requirement that the Department must mail the report form no later than sixty days before the date on which the corporation must file the annual report. The annual report from each domestic corporation and each foreign corporation would remain a requirement under the bill, but the Department would not be required to mail the report form to these nonstock corporations. According to the Department, 90% of businesses file the annual report electronically, and businesses that use mailed reports may request that a paper form be mailed to them. Reduce expenditure authority by \$2,200 in 2013-14 and \$4,400 in 2014-15 in the Corporations Bureau to reflect savings on postage. This provision would take effect on the day following publication of the budget bill.

[Act 20 Section: 1978]

5. CORPORATION DISSOLUTION AND REVOCATION FOLLOW-UP NOTIFICATIONS

PR	- \$45,000
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Governor/Legislature: Eliminate the requirement that DFI must publish a class one notice in the official state newspaper when the Department has entered into an administrative dissolution or revocation of a firm's certificate of registration for a business corporation, a nonstock corporation, or a limited liability company and, instead, require that DFI post notice on the Department's internet site, if the Department has mailed a notice of administrative dissolution or revocation and that the notice has been returned as undeliverable. Reduce expenditure authority by \$15,000 in 2013-14 and \$30,000 in 2014-15 to reflect savings on newspaper publication costs. These provisions would take effect on the day following publication of the

budget bill; however, DFI would have to continue to publish a monthly class one notice in the official state newspaper for six months following publication of the budget bill in addition to posting the administrative dissolution and revocation notifications on the Department's internet site.

[Act 20 Sections: 1972, 1973, 1975, 1976, 1977, 1980 thru 1982, and 9114(1)]

6. TRANSFER FROM DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICE [LFB Paper 574]

	<u>Governor</u> <u>(Chg. to Base)</u> Funding Positions		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u> Funding Positions		<u>Net Change</u> Funding Positions	
PR-REV	\$688,600		\$60,800		\$749,400	
GPR-Earned	580,000		60,800		640,800	
PR	\$108,600	1.00	\$0	0.00	\$108,600	1.00

Governor: Transfer \$45,100 PR in 2013-14, \$63,500 PR in 2014-15, and 1.00 PR position annually from the Department of Safety and Professional Services (DSPS) to DFI, and transfer regulatory authority of professional employer organizations, professional employer groups, charitable organizations, professional fund-raisers, and fund-raising counsel from DSPS to DFI. The transfer would take effect on October 1, 2013, or the first day of the fourth month beginning after publication of the budget bill, whichever is later.

Under the bill, all assets and liabilities of DSPS primarily related to the regulation of charitable organizations, fund-raising counsel, professional fund-raisers, professional employer organizations, and professional employer groups, as determined by the DOA Secretary, including any unencumbered moneys from fees DSPS has collected from those entities, would become assets and liabilities of DFI. The administration estimates that this provision would increase DFI's PR-REV by \$312,900 in 2013-14 and by \$375,700 in 2014-15, which would be deposited into the Department's general program operations appropriation. The bill would provide DFI with additional PR expenditure authority of \$45,100 in 2013-14 and \$63,500 in 2014-15, associated with staff costs for regulating these entities. At the end of each fiscal year, DFI lapses most unencumbered program revenue to the general fund. The administration estimates that DFI would lapse an additional \$267,800 in 2013-14 and \$312,200 in 2014-15 into the general fund.

[This provision is described in greater detail under "Safety and Professional Services -- Departmentwide and Professional Regulation."]

Joint Finance/Legislature: Increase DFI's estimated PR-REV and GPR-Earned under the bill by \$29,000 in 2013-14 and by \$31,800 in 2014-15 to more accurately reflect estimated PR-REV and GPR-Earned under these provisions. As a result, this provision would be estimated to increase DFI's PR-REV by \$341,900 in 2013-14 and by \$407,500 in 2014-15, and would be estimated to increase GPR-Earned by \$296,800 in 2013-14 and by \$344,000 in 2014-15. Also,

require charitable organizations that receive more than \$5,000 in donations to file their annual reports within 12 months, rather than six months, after the close of their fiscal year, effective on the later of October 1, 2013, or the first day of the fourth month beginning after publication of the bill.

[Act 20 Sections: 787, 869, 1227, 1237, 1238, 1461, 1715, 1894, 1895, 1896, 1936, 1974, 1989, 1990, 2161, 2179, 2180 thru 2182, 2183, 2184 thru 2187, 2188 thru 2217, 2232 thru 2253, 2267, 9138(1), and 9438(1)]

7. RENTAL-PURCHASE COMPANIES [LFB Paper 275]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$104,000	- \$104,000	\$0
GPR-Earned	94,000	- 94,000	0
PR	\$10,000	- \$10,000	\$0

Governor: Exclude rental-purchase companies and rental-purchase agreements from laws governing the Wisconsin Consumer Act (WCA) and the Uniform Commercial Code and, instead, create the following laws governing rental-purchase companies and rental-purchase agreements.

Definitions

a. "Cash price" would mean the price at which a rental-purchase company would sell rental property to the lessee of the rental property if the lessee were to pay for the rental property in full on the date on which the rental-purchase agreement is executed.

b. "Department" would mean the Department of Financial Institutions.

c. "Rental Property" would mean property rented under a rental-purchase agreement, but would not include any motor vehicle, or any musical instrument that is intended to be used in whole or in part in an elementary school or high school.

d. "Rental-purchase agreement" would mean an agreement between a rental-purchase company and a lessee for the use of rental property if all of the following apply: (1) the rental property is to be used primarily for personal, family, or household purposes; (2) the agreement has an initial term of four months or less and is renewable with each payment after the initial term; (3) the agreement does not obligate or require the lessee to renew the agreement beyond the initial term; and (4) the agreement permits, but does not obligate or require, the lessee to acquire ownership of the rental property.

e. "Rental-purchase company" would mean a person engaged in the business of entering into rental-purchase agreements in this state or acquiring rental-purchase agreements that are entered into in this state.

Notice to the Department

A rental-purchase company would have to file notice with the Department, in the form and manner prescribed by DFI, within 30 days after commencing business in this state. A separate notice would be required for each place of business maintained by the rental-purchase company. If a rental-purchase company generates less than 75% of its total revenues in this state from transactions involving rental-purchase agreements, the company could elect not to file notice with DFI and, upon informing the Department of this election in a manner prescribed by DFI, would not be subject to laws governing rental-purchase agreements. Instead, those companies would be regulated as under current law. For each location for which a rental-purchase company files a notice with DFI, the company would have to pay a \$1,000 annual fee to the Department. If a rental-purchase company fails to timely pay the annual fee, DFI would have to order the company to cease operation until the fee is paid. It should be noted that the bill does not specify a due date for the annual fee; however, DFI would have rulemaking authority to specify when the annual fee would have to be paid.

General Requirements of Disclosure

The provisions that would have to be disclosed in a rental-purchase agreement (specified in the following section on "Required Provisions of Rental-Purchase Agreements") would have to satisfy all of the following:

- a. The information would have to be clearly and conspicuously disclosed in writing.
- b. In general, the information would have to be disclosed in not less than eight point standard type in the rental-purchase agreement above the line for the lessee's signature. Multiple pages or backs of pages could be used as long as the face of the rental-purchase agreement was signed by the lessee and other pages are signed or initialed by the lessee. However, the required disclosures regarding price, rental payments to acquire ownership, cost of rental services, and total payments to acquire ownership would have to be printed in at least ten point boldface type on the face of the rental-purchase agreement, and these disclosures would have to be grouped together in a box, in the form and order prescribed by DFI.
- c. The information would have to be disclosed before the time that the lessee were to become legally obligated under the rental-purchase agreement.

The information that would be required to be disclosed in the rental-purchase agreement would have to be accurate as of the time that it is disclosed to the lessee. If any information subsequently were to become inaccurate as a result of any act, occurrence, or agreement by the lessee, the resulting inaccuracy would not be a violation of any provision of the laws governing rental-purchase agreements.

The rental-purchase company would have to provide the lessee with a copy of the completed rental-purchase agreement signed by the lessee. If more than one lessee was legally obligated under the same rental-purchase agreement, delivery of a copy of the completed rental-purchase agreement to one of the lessees would satisfy this requirement.

Required Provisions of Rental-Purchase Agreement

A rental-purchase company would have to include all of the following information, to the extent applicable, in every rental-purchase agreement:

a. *Description.* A brief description of the rental property, sufficient to identify the rental property to the lessee and the rental-purchase company, including any identification number, and a statement indicating whether the rental property is new or used. A statement that new rental property is used would not violate laws governing rental-purchase agreements.

b. *Cash Price.* The cash price of the rental property.

c. *Rental Payments to Acquire Ownership.* The total number, total dollar amount, and timing of all rental payments necessary to acquire ownership of the rental property, excluding any applicable taxes, application or processing charge, delivery fee, liability damage waiver fee, and fees for optional services.

d. *Cost of Rental Services.* The difference between the total dollar amount of payments necessary to acquire ownership of the rental property and the cash price of the rental property. The rental-purchase company would also be required to include a statement substantially similar to the following: "The cost of rental services is the amount you will pay in addition to the cash price if you acquire ownership of the rented goods by making all payments necessary to acquire ownership."

e. *Periodic Payments.* The rental payment and any applicable taxes and fees for optional services to which the lessee agrees.

f. *Up-Front Payment.* The total amount of the initial payment to be made by the lessee at the time that the rental-purchase agreement was executed or the rental property was delivered, including the initial rental payment, any application or processing charge, any delivery fee, and fees for other optional services to which the lessee agrees.

g. *Total Payments to Acquire Ownership.* The total of all charges to be paid by the lessee to acquire ownership of the rental property, which would consist of the total dollar amount of all rental payments necessary to acquire ownership, and the total dollar amount of all required fees and taxes.

h. *Other Charges.* An itemized description of any other charges or fees that the rental-purchase company could charge upon the occurrence of a contingency specified in the rental-purchase agreement, such as late fees.

i. *Summary of Early-Purchase Option.* A statement summarizing the terms of the lessee's options to acquire ownership of the rental property.

j. *Responsibility for Theft or Damage.* A statement that, unless otherwise agreed, the lessee would be responsible for the fair market value of the rental property, determined according to the early-purchase option formula, if the rental property was stolen, damaged, or destroyed while in the possession of, or subject to the control of, the lessee. The statement

would have to indicate that the fair market value will be determined as of the date on which the rental property was stolen, damaged, or destroyed.

k. *Service and Warranty.* A statement that during the term of the rental-purchase agreement, the rental-purchase company would be required to service the rental property and maintain it in good working condition, as long as no other person had serviced the rental property. In lieu of servicing the rental property, the rental-purchase company could, at its option, replace the rental property with substitute property of comparable quality and condition. The rental-purchase company's obligation to provide service would be limited to defects in the property not caused by improper use or neglect by the lessee or harmful conditions outside the control of the company or manufacturer.

l. *Termination at Option of Lessee.* A statement that the lessee could terminate the agreement at any time without penalty by voluntarily surrendering or returning the rental property in good repair.

m. *Right to Reinstate.* A brief explanation of the lessee's right to reinstate a rental-purchase agreement.

n. *Rental, Not Purchase.* A statement reading substantially as follows: "You are renting this property. You will not own the property until you make all payments necessary to acquire ownership or until you exercise your early-purchase option. If you do not make your payments as scheduled or exercise your early-purchase option, the rental-purchase company may repossess the property."

o. *Information About Rental-Purchase Company and Lessee.* The names of the rental-purchase company and the lessee, the company's business address and telephone number, the lessee's address, and the date on which the rental-purchase agreement was executed.

p. *Optional Services.* Space for a specific, separately signed or initialed, affirmative, written indication of the lessee's desire for any optional service for which a charge was assessed. The lessee's request would have to be obtained after a written disclosure of the cost of the optional service was made, and the disclosure of the cost and purpose of such service would have to be listed at or near the affirmation space. This requirement would be satisfied by a separate written agreement for an optional service.

Prohibited Provisions of Rental-Purchase Agreements

A rental-purchase agreement could not contain any of the following:

a. *Confession.* A confession of judgment.

b. *Repossession.* A provision that authorizes a rental-purchase company, or an agent of the company, to enter the lessee's residence without the lessee's permission, or to commit a breach of the peace in the repossession of rental property provided by the company under the rental-purchase agreement.

c. *Waiver.* A waiver of a defense or counterclaim, a waiver of any right to assert any

claim that the lessee may have against the rental-purchase company or an agent of the company, or a waiver of any provision of the laws governing rental-purchase agreements relating to such agreements.

d. *Overpayment.* A provision that requires rental payments totaling more than the total dollar amount of all rental payments necessary to acquire ownership.

e. *Insurance.* A provision that requires the lessee to purchase insurance from the rental-purchase company to insure the rental property.

f. *Attorney Fees.* A provision that requires the lessee to pay any attorney fees.

Price and Cost Limitations

The cash price for rental property offered by a rental-purchase company could not exceed the greater of the following: (a) an amount equal to twice the actual purchase price of the rental property, including any applicable freight charges, paid by the rental-purchase company; or (b) the price at which property of like type and quality is offered, in the ordinary course of business, for sale for cash in the market area of the rental-purchase store where the property is offered for rental purchase. The total amount that could be charged by the rental-purchase company for all required charges or fees, excluding applicable taxes and any late fees or reinstatement fees, in a rental-purchase transaction could not exceed twice the maximum cash price of the property.

At any time after the initial rental period under a rental-purchase agreement, if a lessee affirmatively elects an early-purchase option, the lessee could acquire ownership of the rental property by tendering an amount not to exceed 55% of the difference between the total of rental payments necessary to acquire ownership of the rental property and the total amount of rental payments paid for use of the rental property at that time, plus applicable taxes, except that the lessee's early-purchase option amount could not be less than the amount of one rental payment. Before a lessee could acquire ownership of the rental property, a rental-purchase company could first require the lessee to pay any accrued unpaid rental payments and fees.

Prohibition on Requirement to Disclose Percentage Rate

A rental-purchase company could not be required to disclose, in a rental-purchase agreement or otherwise, any percentage rate calculation, including a time-price differential, an annual percentage rate, or an effective annual percentage rate.

Reinstatement of a Rental-Purchase Agreement

A lessee could reinstate a rental-purchase agreement that had ended without losing any rights or options previously acquired if: (a) the lessee voluntarily returned or surrendered the rental property within seven days after the expiration of the rental-purchase agreement; and (b) not more than 120 days have passed after the date on which the agreement ended. As a condition of this reinstatement, the rental-purchase company could require the payment of all past-due rental charges, any applicable fees, a reinstatement fee not to exceed \$5, and the rental payment for the next term. A rental-purchase company would not be prohibited from repossessing or attempting to repossess rental property when a rental-purchase agreement ends, but such efforts

would not affect the lessee's right to reinstate as long as the rental property was voluntarily returned or surrendered within seven days after the agreement ends.

Upon reinstatement, the rental-purchase company would have to provide the lessee with the same rental property, if the property was available and in the same condition as when it was returned to the company, or with substitute property of comparable quality and condition. If the lessee was entitled to reinstatement, within 15 days of repossession or voluntary return or surrender of the rental property, the rental-purchase company would have to provide written notice to the lessee of the lessee's rights and obligations.

Receipts and Statements

A rental-purchase company would have to provide a written receipt to the lessee for any payment made by the lessee in cash or, upon request of the lessee, for any other type of payment. Upon the request of the lessee, a rental-purchase company would have to provide a written statement to the lessee showing the lessee's payment history on each rental-purchase agreement between the lessee and the rental purchase company. A rental-purchase company would not be required to provide a statement covering any rental-purchase agreement that ended more than one year prior to the date of the lessee's request. A rental-purchase company could provide a single statement covering all rental-purchase agreements or separate statements for each agreement, at the company's option. Upon written request of the lessee, made during the term of, or no later than one year after the rental-purchase agreement ended, a rental-purchase company would have to provide a written statement to any person the lessee designates, showing the lessee's payment history under the agreement. A lessee or, if appropriate, a lessee's designee, would be entitled to receive one statement without charge once every 12 months. A rental-purchase company would have to provide an additional statement if the lessee pays the company's reasonable costs of preparing and furnishing the statement.

Advertising Disclosure Required

If an advertisement for a rental-purchase agreement states the amount of a payment for a specific item of property, the advertisement would have to also clearly and conspicuously state all of the following: (a) that the transaction advertised is a rental-purchase agreement; (b) the total number and total dollar amount of all rental payments necessary to acquire ownership of the property; and (c) that the lessee does not acquire ownership of the property if the lessee fails to make all payments necessary to acquire ownership of the property.

Price Card Display

A card or tag that clearly and conspicuously states all of the following would have to be displayed on or next to any property displayed or offered by a rental-purchase company for rent under a rental-purchase agreement: (a) the cash prices that a lessee would pay to purchase the property; (b) the amount and timing of the rental payments; (c) the total number and total amount of all rental payments necessary to acquire ownership of the property under a rental-purchase agreement; (d) the cost of rental services under a rental-purchase agreement; and (e) whether the property is new or used. If property was offered for rent through a catalog, whether print or electronic, or if the size of the property was such that displaying a card or tag on or next to the

property would be impractical, a rental-purchase company could make the required disclosures in a catalog, list, or disclosure sheet, provided the catalog, list, or disclosure sheet was readily available to prospective lessees and provided upon request.

Rulemaking

DFI would be authorized to promulgate rules to administer and enforce the requirements of laws governing rental-purchase agreements.

Penalties

A rental-purchase company that violates any law governing rental-purchase agreements, rule promulgated by the Department, or order issued pertaining to a lessee would be liable to the lessee in an amount equal to the greater of the following: (a) the actual damages sustained by the lessee as a result of the violation; (b) if the action is not brought as a class action, 25% of the total payments necessary for the lessee to acquire ownership of the rental property, but not less than \$100 nor more than \$1,000; and (c) if the action is brought as a class action, the amount the court determines to be appropriate. The total recovery by all lessees in any class action or series of class actions arising out of the same violation could not be more than the lesser of \$500,000 or 1% of the net worth of the rental-purchase company. In determining the amount of any award in a class action, the court would have to consider, among other relevant factors, the amount of actual damages awarded, the frequency and persistence of the violation, the rental-purchase company's resources, and the extent to which the rental-purchase company's violation was intentional.

A rental-purchase company would not be liable for any violation of laws governing rental-purchase agreements if the company shows, by a preponderance of evidence, that the violation was not intentional and resulted from a bona fide error, and the company maintains procedures reasonably adapted to avoid such an error. If a court awards any monetary amount to a lessee, the rental-purchase company would also be liable to the lessee for the costs of the action and for reasonable attorney fees as determined by the court.

Inapplicability of Consumer Act and the Uniform Commercial Code -- Secured Transactions

A rental-purchase company that has filed notice with DFI to be regulated as a rental-purchase company would not be subject to the Wisconsin Consumer Act, or any related rule or order adopted under the WCA, or to any provision of the Uniform Commercial Code -- Secured Transactions. Any rental-purchase agreement entered into by such a rental-purchase company could not be construed or regulated as a security interest, credit sale, retail installment sale, conditional sale, or any other form of consumer credit, nor could it be considered to be the creation of a debt or extension of credit.

Initial Applicability

These provisions would first apply to rental-purchase agreements, and conduct pursuant to those agreements, that are entered into 90 days following publication of the budget bill.

Current Law

Under current law, a consumer credit transaction entered into for personal, family, or household purposes is generally subject to the WCA, which includes Chapters 421 through 427 of the state statutes. The consumer act grants consumers certain rights and remedies and contains notice and disclosure requirements and prohibitions relating to consumer credit transactions. Currently, a consumer lease that has a term of more than four months is among the consumer credit transactions that are subject to the consumer act. In addition, the consumer act applies to any other consumer lease, if the lessee pays or agrees to pay at least an amount that is substantially equal to the value of the leased property and if the lessee will become, or for not more than a nominal additional payment has the option to become, the owner of the leased property. Under current law, rental-purchase agreements are subject to regulation under the WCA.

Current law requires certain disclosure requirements under Chapter 422 of the WCA. Under the bill, a rental-purchase company would be exempt from these disclosure requirements and, instead, would be subject to the disclosure requirements as described in the section on "Required Provisions of Rental-Purchase Agreement". State law imposes certain federal disclosure requirements regarding credit sales on rental-purchase agreements, such as disclosing the annual percentage rate of a credit sale, under federal Truth-In-Lending provisions, even though federal law does not impose these requirements on rental-purchase companies. The bill would no longer require rental purchase agreements to follow federal credit sale disclosure requirements, including the disclosure of an annual percentage rate.

Fiscal Effect

The budget bill provides expenditure authority for supplies and services in DFI's general program operations appropriation of \$10,000 in 2013-14 to cover one-time startup costs. The administration estimates that fees paid by rental-purchase companies would increase total revenues by \$52,000, annually. These fees would be deposited into DFI's general program operations appropriation, and such funds would be used to pay for DFI's operating expenses, including staffing and administrative costs. At the end of each fiscal year, most unencumbered program revenue in the appropriation is lapsed to the general fund. As a result, general fund revenues would increase by an estimated \$42,000 in 2013-14 and \$52,000 in 2014-15.

Joint Finance/Legislature: Delete provision.

8. TRANSFER OF MONIES TO WHEDA FOR BLIGHT ELIMINATION

Joint Finance/Legislature: Transfer \$1,000,000 in fiscal year 2013-14 from moneys received and deposited into DFI's gifts, grants, settlements, and publications appropriation to the Wisconsin Housing and Economic Development Authority's (WHEDA) newly-created blight elimination appropriation. WHEDA would be required to use these monies to provide grants for the elimination of blighted and abandoned properties.

Under current law, monies deposited into DFI's gifts, grants, settlements, and publications

appropriation are generally used for a specific purpose for which the monies were received. The \$1,000,000 transferred from this appropriation would be from a settlement with securities companies, the proceeds of which were not allocated to a specific purpose. According to DFI, these monies would have otherwise been used for financial literacy or other purposes determined by the Department.

Veto by Governor [E-40]: Delete provision.

[Act 20 Vetoed Sections: 204b, 413m, 2055b, and 9214(1L)]

9. NOTARY PUBLIC FEES

Joint Finance/Legislature: Increase fees that a notary public may be allowed to charge for the following services:

- a. to not more than \$5 from \$1 for drawing and copy of protest of the nonpayment of a promissory note or bill of exchange, or of the nonacceptance of such bill, in the cases where by law such protest is necessary;
- b. to not more than \$5 from \$0.50 for drawing and copy of every other protest;
- c. to not more than \$5 from \$0.50 for drawing, copying, and serving every notice of nonpayment of a note or bill, or nonacceptance of a bill;
- d. to not more than \$5 from \$0.50 for drawing any affidavit for each folio, or other paper or proceeding for which a fee is not specified; and
- e. to not more than \$5 from not more than \$0.50 the fee per document for taking the acknowledgment of deeds, and for other services authorized by law.

In addition, delete the current law provision that a county clerk must receive a standard notary fee of \$0.50 for each marriage license granted. Under current law, the county clerk must charge a standard notary fee for each declaration of domestic partnership issued and for each certificate of termination of domestic partnership issued in the same amount as the standard notary fee a county clerk must charge for each marriage license granted. As a result of this provision, the \$0.50 standard notary fee that a county clerk must charge for each declaration of domestic partnership issued and for each certificate of termination of domestic partnership issued would also be deleted.

[Act 20 Sections: 1896m thru 1896q, 2274m, and 2279m]

10. REDEPOSIT OF PUBLIC MONIES

Joint Finance/Legislature: Permit a selected public depository to arrange for the redeposit of public monies into deposit accounts, rather than savings deposit accounts, in certain federally insured financial institutions. Public deposits are, generally, all public moneys coming into the hands of the treasurer of a governmental unit which deposits moneys into certain types

of federally insured financial institutions. This provision would allow those financial institutions to redeposit public monies into other types of deposit accounts, such as checking accounts, money market accounts, and certificate of deposit accounts, rather than only in savings deposit accounts.

[Act 20 Section: 575aw]

11. MUNICIPAL REGULATION OF RESIDENTIAL MORTGAGE LOANS

Joint Finance/Legislature: Specify that the following provisions would apply to loans subject to money and interest rate laws governing residential mortgage loans for all counties, municipalities, and local authorities, other than a city of the first class, in this state:

a. Enforcement and servicing of residential mortgage loans would be pursuant only to applicable state and federal law.

b. No local, municipal, or county law or ordinance could delay enforcement, impose any fees or taxes of any kind, or affect the enforcement or servicing of a residential mortgage loan on any bank, credit union, savings bank, savings and loan association, mortgage banker, or other lender enforcing or servicing such a loan.

c. All counties, municipalities, and local authorities in this state would be prohibited from enacting and enforcing ordinances, resolutions, and rules regulating banks, credit unions, savings banks, savings and loan associations, mortgage bankers, and other lenders regarding the financial services or lending practices of such lenders relating to residential mortgage loans.

As noted, the above provisions would not apply to a city of the first class.

[Act 20 Section: 1896s]

12. DEFAULT FOR INSTALLMENT LOANS MADE BY PAYDAY LENDERS AND LICENSED LENDERS

Joint Finance: Specify that, with respect to an installment loan made by a payday lender or a licensed lender, provided the installment loan is not secured by a motor vehicle, default means to have outstanding an amount of one full payment or more which has remained unpaid for more than ten days after its scheduled or deferred due date. Specify that the outstanding amount must not include any delinquency or deferral charges and must be computed by applying each payment first to the installment most delinquent and then to subsequent installments in the order they come due.

Under current law, a consumer credit transaction is generally considered in default under the Wisconsin Consumer Act (WCA) as follows:

a. For loans in which the interval between scheduled payments is two months or less, if the loan has outstanding an amount exceeding one full payment which has remained unpaid for more than ten days after the scheduled or deferred due dates or if the customer fails to pay the

first payment or the last payment within forty days of its scheduled or deferred due date.

b. For loans in which the interval between scheduled payments is more than two months, if all or any part of one scheduled payment is unpaid for more than 60 days after its scheduled or deferred due date.

c. For transactions in which the scheduled repayment is a single payment, if all or any part of the payment is unpaid for more than 40 days after its scheduled or deferred due date.

Installment loans entered into by licensed lenders and payday lenders are generally subject to these provisions of the WCA. The provision would exempt installment loans (other than loans secured by a motor vehicle) entered into by licensed lenders and payday lenders from these WCA provisions and, instead, consider such installment loans in default if the customer has an amount outstanding of one full payment or more which has remained unpaid for more than ten days after its scheduled or deferred due date. According to the Department of Financial Institutions, a licensed lender is a non-depository lender that offers consumer loans other than payday loans at an interest rate of more than 18%.

Assembly/Legislature: Specify that the provisions described above modifying the definition of default apply to payday loans, rather than installment loans, made by payday lenders.

[Act 20 Sections: 2178d and 2178f]

FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
SEG	\$250,800	\$250,800	\$250,800	\$250,800	\$250,800	\$0	0.0%

FTE Position Summary
<p>There are no state authorized positions for the Fox River Navigational System.</p>

GENERAL FUND TAXES

1. GENERAL FUND TAX CHANGES

Governor: The following table shows the general fund tax changes recommended by the Governor, along with their estimated fiscal effects in the 2013-15 biennium. The table does not include tax law changes that are estimated to have a minimal fiscal effect. The table also does not include changes to refundable tax credits, because they are paid from appropriations rather than recorded as a reduction in tax revenues. Finally, as discussed in the footnote, the table includes revenues from Department of Revenue (DOR) collection initiatives that are counted as departmental revenues under AB 40 and does not include the revenue impact of a sales tax provision that was incorrectly accounted for in the bill.

2013-15 General Fund Tax Changes* (In Millions)

	<u>2013-14</u>	<u>2014-15</u>	<u>2013-15 Biennium</u>
Income and Franchise Taxes			
Reduce Income Tax Rates	-\$172.60	-\$170.60	-\$343.20
Index Tuition Deduction Phase-Out	-0.67	-1.53	-2.20
Delete Cap on Angel Credit	0.00	-5.00	-5.00
Internal Revenue Code Update	15.50	18.20	33.70
PTRC Offset from Veterans Credit Expansion	0.00	0.93	0.93
Increase Economic Development Credit Allocation	-0.84	-9.00	-9.84
Sunset Medical Records Credit	0.00	5.00	5.00
Sales and Excise Taxes			
Sales Tax on Lump Sum Contracts	-0.46	-0.58	-1.04
Roll-Your-Own Cigarettes	1.40	1.40	2.80
Enhanced Collection Measures			
DOR Fraud and Collection Initiatives	<u>27.83</u>	<u>55.93</u>	<u>83.76</u>
Total Tax Changes	-\$129.84	-\$105.25	-\$235.09

*The table above includes \$6.3 million in 2013-14 and \$12.6 million in 2014-15 from certain DOR collection initiatives that were recorded as departmental revenues in AB 40. The table does not include the Governor's recommendation to increase the threshold for monthly filing of sales tax returns, which would result in more retailers filing on a quarterly basis instead of monthly and an estimated \$150,000 annual loss of interest earnings. In the AB 40 general fund condition statement, this revenue loss was incorrectly counted as a decrease in general fund taxes instead of interest earnings.

Joint Finance/Legislature: The following table shows the estimated fiscal effects of the tax law changes adopted by the Legislature and contained in Act 20.

2013-15 General Fund Tax Changes -- Legislature*
(In Millions)

	<u>2013-14</u>	<u>2014-15</u>	<u>Biennium</u>
Income and Franchise Taxes			
Reduce Income Tax Rates	-\$327.80	-\$320.10	-\$647.90
Deduction for K-12 Private School Tuition	0.00	-30.00	-30.00
Net Operating Losses	-1.70	-6.80	-8.50
Farm Loss Limits	-0.20	-0.70	-0.90
Small Business Stock	-0.80	-2.30	-3.10
Index College Tuition Deduction Phase-Out	-0.67	-1.53	-2.20
Delete Cap on Angel Credit	0.00	-5.00	-5.00
PTRC Offset from Veterans Credit Expansion	0.00	0.93	0.93
Difference in Basis of Assets	0.00	0.20	0.20
Internal Revenue Code Update	15.50	18.20	33.70
Depreciation, Depletion, S. 179 Expensing	-1.20	-3.80	-5.00
Increase Historic Rehabilitation Credit	-1.70	-1.70	-3.40
Extend Research Credits to Non-corporate Filers	-1.90	-7.50	-9.40
Increase Economic Development Credit Allocation	-3.70	-9.00	-12.70
Convert Veterans Employment Credit to Grant	0.50	0.50	1.00
Sunset Medical Records Credit	0.00	5.00	5.00
Sunset Super Research and Development Credit	0.50	2.00	2.50
Sunset Dairy and Livestock Investment Credit	2.40	9.80	12.20
Sunset HIRSP Assessment Credit	0.60	3.00	3.60
Sunset Biodiesel and Ethanol Fuel Pump Credit	0.00	0.10	0.10
Sunset Water Consumption Credit	0.10	0.30	0.40
Sunset Relocated Business Credit	1.50	2.20	3.70
Tax Reform Interaction Effects	-0.30	-1.20	-1.50
Impact of Unemployment Benefit Reductions	-0.70	-1.20	-1.90
Sales and Excise Taxes			
Exemptions for Printers	-1.00	-1.30	-2.30
Biotech. and Manuf. Research Exemptions	-0.90	-0.90	-1.80
Sales Tax on Lump Sum Contracts	-0.46	-0.58	-1.04
Roll-Your-Own Cigarettes	1.20	1.40	2.60
Tax Administration			
DOR Fraud and Collection Initiatives	27.83	55.93	83.76
Interest Rate on Amounts Refunded from DOR	<u>5.20</u>	<u>5.20</u>	<u>10.40</u>
Total Tax Changes	-\$287.70	-\$288.85	-\$576.55

The table that follows presents a comparative summary of the general fund tax changes recommended by the Governor and the Legislature. The table shows the proposals' estimated biennial fiscal effects.

**Biennial Fiscal Effects of Tax Changes Recommended by
the Governor and the Legislature***
(In Millions)

	<u>Governor</u>	<u>Legislature</u>	<u>Change to Governor</u>
Income and Franchise Taxes			
Reduce Income Tax Rates	-\$343.20	-\$647.90	-\$304.70
Deduction for K-12 Private School Tuition	0.00	-30.00	-30.00
Net Operating Losses	0.00	-8.50	-8.50
Farm Loss Limits	0.00	-0.90	-0.90
Small Business Stock	0.00	-3.10	-3.10
Index College Tuition Deduction Phase-Out	-2.20	-2.20	0.00
Delete Cap on Angel Credit	-5.00	-5.00	0.00
PTRC Offset from Veterans Credit Expansion	0.93	0.93	0.00
Difference in Basis of Assets	0.00	0.20	0.20
Internal Revenue Code Update	33.70	33.70	0.00
Depreciation, Depletion, S. 179 Expensing	0.00	-5.00	-5.00
Increase Historic Rehabilitation Credit	0.00	-3.40	-3.40
Extend Research Credits to Non-corporate Filers	0.00	-9.40	-9.40
Increase Economic Development Credit Allocation	-9.84	-12.70	-2.86
Convert Veterans Employment Credit to Grant	0.00	1.00	1.00
Sunset Medical Records Credit	5.00	5.00	0.00
Sunset Super Research and Development Credit	0.00	2.50	2.50
Sunset Dairy and Livestock Investment Credit	0.00	12.20	12.20
Sunset HIRSP Assessment Credit	0.00	3.60	3.60
Sunset Biodiesel and Ethanol Fuel Pump Credit	0.00	0.10	0.10
Sunset Water Consumption Credit	0.00	0.40	0.40
Sunset Relocated Business Credit	0.00	3.70	3.70
Tax Reform Interaction Effects	0.00	-1.50	-1.50
Impact of Unemployment Benefit Reductions	0.00	-1.90	-1.90
Sales and Excise Taxes			
Exemptions for Printers	0.00	-2.30	-2.30
Biotech. and Manuf. Research Exemptions	0.00	-1.80	-1.80
Sales Tax on Lump Sum Contracts	-1.04	-1.04	0.00
Roll-Your-Own Cigarettes	2.80	2.60	-0.20
Tax Administration			
DOR Fraud and Collection Initiatives	83.76	83.76	0.00
Interest Rate on Amounts Refunded from DOR	<u>0.00</u>	<u>10.40</u>	<u>10.40</u>
Total Tax Changes	-\$235.09	-\$576.55	-\$341.47

*The tables include \$6.3 million in 2013-14 and \$12.6 million in 2014-15 from certain DOR collection initiatives that are recorded as departmental revenues. The tables do not include a number of changes regarding refundable tax credits, because refundable credits are recorded as expenditures rather than offsets to revenue.

Income and Franchise Taxes

1. INCOME TAX RATE REDUCTIONS [LFB Paper 280]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Tax	-\$343,200,000	-\$304,700,000	-\$647,900,000

Governor: Reduce the marginal tax rates that apply to income that falls within the bottom three income brackets of the state's individual income tax from 4.6% to 4.5%, from 6.15% to 5.94%, and from 6.5% to 6.36%, effective with tax years beginning after December 31, 2012. Reduce estimated individual income tax collections by \$172,600,000 in 2013-14 and \$170,600,000 in 2014-15. The rate and bracket structures under current law and under the Governor's proposal are shown below.

Tax Year 2013 Tax Brackets			Tax Rates	
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	<u>Current Law</u>	<u>Governor's Proposal</u>
Less than \$10,750	Less than \$14,330	Less than \$7,160	4.60%	4.50%
10,750 to 21,490	14,330 to 28,650	7,160 to 14,330	6.15	5.94
21,490 to 161,180	28,650 to 214,910	14,330 to 107,450	6.50	6.36
161,180 to 236,600	214,910 to 315,460	107,450 to 157,730	6.75	6.75
236,600 and Over	315,460 and Over	157,730 and Over	7.75	7.75

Tax Year 2014 Tax Brackets (Estimated)			Tax Rates	
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	<u>Current Law</u>	<u>Governor's Proposal</u>
Less than \$10,880	Less than \$14,510	Less than \$7,250	4.60%	4.50%
10,880 to 21,760	14,510 to 29,020	7,250 to 14,510	6.15	5.94
21,760 to 163,220	29,020 to 217,630	14,510 to 108,820	6.50	6.36
163,220 to 239,600	217,630 to 319,460	108,820 to 159,730	6.75	6.75
239,600 and Over	319,460 and Over	159,730 and Over	7.75	7.75

Joint Finance/Legislature: Reduce all five marginal tax rates, effective with tax years beginning after December 31, 2012, as shown in the following table. Decrease estimated income tax revenues by \$155,200,000 in 2013-14 and \$149,500,000 in 2014-15, compared to the Governor's bill. Compared to current law, revenues would be reduced by \$327,800,000 in the first year and \$320,100,000 in the second year.

Tax Year 2013 Tax Brackets			Tax Rates		
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	<u>Current Law</u>	<u>Governor</u>	<u>Legislature</u>
Less than \$10,750	Less than \$14,330	Less than \$7,160	4.60%	4.50%	4.40%
10,750 to 21,490	14,330 to 28,650	7,160 to 14,330	6.15	5.94	5.84
21,490 to 161,180	28,650 to 214,910	14,330 to 107,450	6.50	6.36	6.27
161,180 to 236,600	214,910 to 315,460	107,450 to 157,730	6.75	6.75	6.27
236,600 and Over	315,460 and Over	157,730 and Over	7.75	7.75	7.65

Tax Year 2014 Tax Brackets (Estimated)			Tax Rates		
<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>	<u>Current Law</u>	<u>Governor</u>	<u>Legislature</u>
Less than \$10,880	Less than \$14,510	Less than \$7,250	4.60%	4.50%	4.40%
10,880 to 21,760	14,510 to 29,020	7,250 to 14,510	6.15	5.94	5.84
21,760 to 163,220	29,020 to 217,630	14,510 to 108,820	6.50	6.36	6.27
163,220 to 239,600	217,630 to 319,460	108,820 to 159,730	6.75	6.75	6.27
239,600 and Over	319,460 and Over	159,730 and Over	7.75	7.75	7.65

[Act 20 Sections: 1321 thru 1331, 1350 thru 1352, 1438, 1439, and 1440]

2. SALES TAX NEXUS; MINIMUM TAX; INCOME TAX RATE REDUCTIONS

Joint Finance/Legislature: Specify that additional sales and use tax revenues resulting from any federal law change that expands the state's ability to require out-of-state sellers to collect and remit sales and use taxes on remote sales to Wisconsin residents be used first to eliminate the alternative minimum tax and then to further reduce income tax rates.

Require DOR to determine how much additional sales and use tax revenue was collected by the state as a result of any federal legislation to expand the state's authority to require out-of-state retailers to collect and remit sales and use taxes on purchases by Wisconsin residents during the first 12 months following the date on which the state begins collecting additional taxes due to the federal law change.

After DOR prepares the estimate of additional sales and use tax revenue, require the Department to determine how much the individual income tax rates could be reduced in the following taxable year so that the alternative minimum tax would be eliminated and income tax revenues would decrease by an amount equal to the estimated increased sales and use tax revenues. Specify that the tax rate reductions must be calculated in proportion to the share of gross tax attributable to each of the five tax brackets in effect during the most recently completed taxable year.

After DOR has prepared these estimates and tax rate calculations, require the Department to certify the revenue estimates and new tax rates to the Secretary of the Department of Administration (DOA), the Governor, and the Legislature; and specify that elimination of the alternative minimum tax and the new tax rates would take effect in the taxable year beginning after DOR's certification.

[Act 20 Section: 1460d]

3. DEDUCTION FOR PRIVATE SCHOOL TUITION

GPR-Tax	- \$30,000,000
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Joint Finance/Legislature: Create a deduction from the individual income tax for amounts paid for tuition to a private school, beginning in tax year 2014. Limit the deduction to tuition expenses of up to \$4,000 per year per pupil enrolled in kindergarten through grade eight and \$10,000 per year per pupil enrolled in grades nine through twelve. Define claimant as an individual who claims a pupil as a dependent for federal income tax purposes on his or her tax return; define pupil as an individual who is enrolled in kindergarten or grades one to twelve and who is a dependent of the claimant for federal income tax purposes; and define tuition as any amount paid by a claimant, in the year to which the claim relates, for a pupil's tuition to attend a private school, as defined under current law, that meets all the criteria for a private school, as enumerated under current law. Decrease estimated individual income tax collections by \$30,000,000 in 2014-15.

[Act 20 Section: 1304g]

4. NET OPERATING LOSSES

GPR-Tax	- \$8,500,000
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Joint Finance/Legislature: Allow net operating losses to be carried forward for up to 20 years and to be carried back for two years under the individual income tax. Specify that this provision would first apply in tax year 2014. Under current Wisconsin law, net operating losses may be carried forward for up to 15 years, and carry-backs are not allowed. Estimate reduced income tax collections of \$1,700,000 in 2013-14 and \$6,800,000 in 2014-15.

[Act 20 Sections: 1304h, 1304he, and 9337(4d)]

5. CAPITAL GAINS ON SMALL BUSINESS STOCK

GPR-Tax	- \$3,100,000
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Joint Finance/Legislature: Adopt the federal treatment of capital gains on small business stock, beginning with tax year 2014. Estimate reduced income tax collections of \$800,000 in 2013-14 and \$2,300,000 in 2014-15.

Currently, both state and federal law provide a special exclusion for long-term capital gains resulting from the sale of qualifying small business stock. To qualify for the state exclusion, the stock must be purchased after December 31, 1985, and must be held for at least five years. In addition, the business must have the following characteristics: (a) at least 50% of its payroll and property is located in Wisconsin; (b) it employs no more than 500 employees covered by state unemployment insurance, including the employees of any corporation that owns more than 50% of the business' stock; (c) it receives no more than 25% of its gross receipts from rent, interest, dividends, and sales of assets combined unless the amount is under \$3,000 and the corporation has been incorporated less than two years; (d) it has not previously issued stock listed on the major stock or securities exchanges; and (e) it has not liquidated or reorganized for the purpose of using this tax exemption. For stock acquired after August 15, 1991, the exclusion is available only to the original purchaser of stock at the time the business is incorporated, and the exclusion does not apply

to an exchange of stock for stock.

For federal tax purposes, the gain from the sale of qualified small business stock held for more than five years qualifies for a 50% exclusion, although the exclusion is increased to 60% if the corporation issuing the stock is in an empowerment zone, to 75% if the stock was acquired between February 18, 2009, and September 27, 2010, and to 100% if the stock was acquired between September 28, 2010, and December 31, 2013. The stock must have been issued after August 10, 1993, and acquired by the taxpayer at its original issue. The stock must meet certain other conditions related to the company's status as a domestic C corporation, level of gross assets (\$50 million or less), acquisition of its own stock, and compliance with the active business test. Finally, the amount of the exclusion is subject to certain limitations.

As noted, the Joint Finance provision would adopt the federal treatment, beginning in tax year 2014.

[Act 20 Sections: 1297h, 1298s, and 1453e]

6. FARM AND INVESTMENT LOSSES

GPR-Tax	- \$900,000
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Joint Finance/Legislature: Sunset the limits on the amount of net farm and farm investment losses that may be used to offset other sources of income, beginning in tax year 2014. Estimate reduced tax collections of \$200,000 in 2013-14 and \$700,000 in 2014-15. Under current law, Wisconsin does not allow all farm losses that are deducted for federal tax purposes to be deducted for state tax purposes for individuals who are not actively engaged in farming. No loss is allowed if nonfarm income exceeds \$600,000, and the full loss is deductible if nonfarm income is less than \$55,000. If nonfarm income is between these thresholds, the amount of offset allowed is reduced as nonfarm income increases. Farm losses disallowed as a deduction may be carried forward for 15 years.

[Act 20 Section: 1298n]

7. INCOME TAX EXCLUSION FOR ARMED FORCES MEMBERS WHO DIE WHILE ON ACTIVE DUTY

Joint Finance/Legislature: Create an individual income tax exclusion for income received by an individual who is on active duty in the U.S. armed forces, as defined under federal law, and who dies while on active duty if the individual's death occurred while he or she was serving in a combat zone or as a result of wounds, disease, or injury incurred while serving in a combat zone, effective for taxable years beginning after December 31, 2012. Extend the exclusion to income received by the individual in the year of death and in the year immediately preceding that year if the individual has not filed an income tax return for the year before the year of death. Estimate a minimal revenue loss.

[Act 20 Section: 1304fm]

8. BASIS ADJUSTMENTS

GPR-Tax	\$200,000
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Joint Finance/Legislature: Provide that the basis of assets and partnership interests under state law would be equal to the federal basis to the extent possible under the Joint Finance provisions federalizing depreciation, Section 179 expensing, depletion, and other provisions affecting the basis of assets and partnership interests owned by the taxpayer. Estimate increased tax collections of \$200,000 in 2014-15. The basis of assets is used in determining the amount of taxable gain when a taxpayer sells an asset. Under the Joint Finance provisions, the state basis and federal basis will be more similar due to federalization of the provisions noted above. However, since state law would not be completely federalized, adjustments by taxpayers will still be required.

9. CAPITAL GAINS ON QUALIFIED WISCONSIN BUSINESSES

Governor/Legislature: Modify three current law capital gain treatments related to new business ventures and Wisconsin-based assets, as follows:

Capital Gains Deferral for Gains Reinvested in Qualified New Business Ventures. Under current law, an income tax deferral is provided for up to \$10 million for a long-term capital gain provided the claimant: (a) deposits the gain into a segregated account in a financial institution; (b) invests all of the proceeds in the account in a qualified new business venture within 180 days of the sale of the asset generating the gain; and (c) notifies the Department of Revenue that the capital gain has been reinvested and, therefore, will not be declared on the claimant's income tax return. To be a "qualified new business venture," the business must be engaged either: (a) in developing a new product or business process or (b) in manufacturing, agriculture, or processing or assembling products and conducting research and development. Neither condition requires the business to be located in Wisconsin. The Wisconsin Economic Development Corporation (WEDC) is required to certify qualified new business ventures under a procedure described below (see Business Designation). State law prohibits WEDC from certifying a business that is engaged in real estate development, insurance, banking, lending, lobbying, political consultation, professional services provided by attorneys, accountants, business consultants, physicians or health care consultants, wholesale or retail sales, leisure, hospitality, transportation, or construction. The initial gain is treated as a deferral, so the basis for the investment in the qualified new business venture is calculated by subtracting the initial gain from the subsequent investment. This provision was enacted in 2009 Wisconsin Act 28 and first applied in tax year 2011.

The bill would sunset the deferral for tax years beginning after December 31, 2013.

Capital Gains Deferral for Gains Reinvested in Qualified Wisconsin Businesses. Under current law, an income tax deferral is provided for a long-term capital gain provided the claimant: (a) deposits the gain into a segregated account in a financial institution; (b) invests all of the proceeds in the account in a qualified Wisconsin business within 180 days of the sale of the asset generating the gain; and (c) notifies DOR that the capital gain has been reinvested and, therefore, will not be declared on the claimant's income tax return. The initial gain is treated as a deferral, so the basis for the investment in the Wisconsin business is calculated by subtracting the

initial gain from the subsequent investment. To be certified as a qualified Wisconsin business, businesses must meet two conditions. First, at least 50% of the business' payroll compensation must occur in Wisconsin. Second, at least 50% of the value of the business' real and tangible personal property, which is owned or rented and used by the business, must be located in Wisconsin. Upon application by a business, WEDC is required to certify qualified Wisconsin businesses under a procedure described below. This deferral was enacted in 2011 Wisconsin Act 32 and first applied in tax year 2011.

The bill would continue the deferral but modify it by replacing the WEDC certification with a registration procedure performed by DOR and by changing the conditions for becoming a qualified Wisconsin business. Under the bill, a business would be required to meet the following conditions in the year immediately preceding the date of its registration: (a) the business must have at least two full-time employees and at least 50% of the business' payroll compensation must be paid by the business in Wisconsin and (b) at least 50% of the value of the business' real and tangible personal property that is owned or rented and used must be located in Wisconsin. Also, the bill would allow claimants to directly reinvest all of the gain in a qualified Wisconsin business within 180 days of the sale of the asset generating the gain, thereby eliminating the use of a financial institution as an intermediary. These changes would first apply to tax years beginning after December 31, 2013.

Capital Gains Exclusion for Gains from the Sale of a Wisconsin Capital Asset. Current law allows an income tax exclusion equal to the lesser of the amount of the claimant's federal net capital gain or the amount of the claimant's qualifying gain from the sale of a Wisconsin capital asset, provided the asset was purchased after December 31, 2010, and held for at least five years. Qualifying gains include: (a) gains realized from the sale of any asset which is a Wisconsin capital asset in the year it is purchased by the claimant and is a Wisconsin asset for at least two of the subsequent four years; (b) is held for at least five uninterrupted years; and (c) is a long-term gain under the Internal Revenue Code (IRC). "Wisconsin capital asset" is defined as: (a) real or tangible personal property that is located in Wisconsin and used in a "Wisconsin business;" or (b) stock or other ownership interest in a "Wisconsin business." To be certified as a Wisconsin business, businesses must meet two conditions. First, at least 50% of the business' payroll compensation must occur in Wisconsin. Second, at least 50% of the value of the business' real and tangible personal property, which is owned or rented and used by the business, must be located in Wisconsin. These conditions are identical to the current law requirements in the Act 32 deferral, described above. Upon application by a business, WEDC is required to certify Wisconsin businesses under a procedure described below. This exclusion was enacted in 2011 Wisconsin Act 32 and will first be available in tax year 2016.

The bill would continue the exclusion but modify it by replacing the WEDC certification with a registration procedure performed by DOR, whereby DOR would register qualified Wisconsin businesses. The bill would change the conditions for becoming a registered (instead of certified) business. First, the bill would repeal the definition of Wisconsin capital asset, thereby clarifying that the exclusion is not for individual assets of the business. Instead, the gain would be derived from an investment in a qualified Wisconsin business, provided that in the year immediately preceding the date of the business' registration: (a) the business has at least two full-time employees and at least 50% of the business' payroll compensation is paid by the business in Wisconsin and (b) at least 50% of the value of the business' real and tangible personal property

that is owned or rented and used is located in Wisconsin. These are the same conditions described under the preceding deferral. Also, the bill would repeal a current law provision that limits the amount of the exclusion to the lesser of the amount of the claimant's federal net capital gain or the amount of the claimant's qualifying gain. These changes would apply retroactively to tax years beginning after December 31, 2010.

Business Designation. Under the three capital gains treatments described above, WEDC certifies qualifying businesses under three separate, current law provisions. Each provision requires an annual application by businesses for each year in which they seek certification, and each provision requires WEDC to maintain a list of certified businesses, make the list available to the public on the WEDC website, and notify DOR of the certified businesses. In consultation with DOR, WEDC is granted rule-making authority relative to certifying businesses for the two Act 32 treatments, but no rule-making authority is authorized under the Act 28 deferral.

The bill would repeal WEDC's certification authority under all three provisions, effective January 1, 2014, but certifications made by WEDC, or its predecessor, the Department of Commerce, would be recognized when taxpayers make claims in future years. The bill would require DOR to implement a program to register, rather than certify, qualified Wisconsin businesses for purposes of the deferral and exclusion, as modified under the bill and described above. Businesses would be required to register electronically with DOR, and a business would be required to register for each year for which it desires registration. The bill would authorize DOR to adopt administrative rules related to the registration and, for each year beginning after December 31, 2013, would require DOR to compile a list of registered businesses and make the list available to the public on DOR's website.

[Act 20 Sections: 1305 thru 1320, 1459, 2058, 2059, 2069, 9337(12), and 9450(1)]

10. HIGHER EDUCATION TUITION DEDUCTION

GPR-Tax	- \$2,200,000
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Governor/Legislature: Index the income phase-out levels for the tuition expense deduction to changes in the consumer price index (CPI). Base the indexing calculation on the percentage change in the CPI for all urban consumers, U.S. city average, for August of the year preceding the tax year for which the claim is made and the index for August, 2011. Specify that the amounts be rounded to the nearest multiple of \$10 and that calculated amounts that are multiples of \$5 be rounded to the next highest \$10 multiple. Require DOR to calculate the adjustment and incorporate the changes into income tax forms and instructions. The proposed adjustment would first occur for tax year 2013 and reduce individual income tax collections by an estimated \$670,000 in 2013-14 and \$1,530,000 in 2014-15. The state has allowed a deduction for higher education tuition and fee expenses since 1998. The maximum amount that may be deducted is adjusted each year based on the amount of tuition charged by the Board of Regents of the University of Wisconsin System at its four-year institutions. The maximum deduction is phased out in specified ranges of federal adjusted gross income that vary with filing status. The current phase-out ranges are: (a) \$50,000 to \$60,000 for single and head-of-household filers; (b) \$80,000 to \$100,000 for married couples filing joint returns; and (c) \$40,000 to \$50,000 for married couples filing separate returns.

[Act 20 Section: 1301]

11. EXCLUSION FOR INTEREST ON CERTAIN WHEFA BONDS OR NOTES

Governor/Legislature: Provide an exclusion from income under the individual income tax, the corporate income tax, and the income tax on insurance companies for interest income received on bonds or notes issued by the Wisconsin Health and Educational Facilities Authority (WHEFA) provided the bonds or notes are issued to a person who is eligible to receive bonds or notes from another issuer for the same purpose as the bonds or notes issued for the person by WHEFA and the interest income from those other bonds or notes would also be exempt. Provide the exclusion for tax years beginning on January 1, 2013.

WHEFA provides capital financing assistance to Wisconsin health care institutions, independent colleges and universities, and certain continuing care facilities. Under this provision, if another conduit issuer, such as a local economic redevelopment authority, could issue bonds on behalf of a Wisconsin health care institution, independent college or university, or qualifying continuing care facility and the interest payments on the bonds would be exempt under Wisconsin's income tax, then the interest payments on the WHEFA bonds would also be exempt under Wisconsin's income tax. There is a current law exclusion for interest on WHEFA-issued bonds or notes that are used by health facilities to acquire information technology hardware or software. The administration estimates that the fiscal effect of this provision would be a minimal loss of state tax revenues.

[Act 20 Sections: 1298, 1373, 1419, and 9337(3)]

12. DEDUCTION FOR HEALTH INSURANCE PREMIUMS

Governor/Legislature: Exclude any amounts paid with premium assistance credit amounts authorized under the federal Patient Protection and Affordable Care Act (PPACA) from the state individual income tax deduction for amounts paid for health insurance premiums. This modification would first apply to tax years beginning after December 31, 2013. The premium assistance credit amounts are not authorized under the PPACA until 2014. The administration indicates that this provision clarifies that the credit is not part of an individual's payment for health insurance and therefore has no fiscal effect.

[Act 20 Sections: 1299, 1302 thru 1304, and 9337(11)]

13. ELIMINATE ANGEL INVESTMENT TAX CREDIT MAXIMUM LIMIT [LFB Paper 281]

GPR-Tax	- \$5,000,000
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Governor/Legislature: Eliminate the \$47.5 million limit on the maximum amount of angel investment tax credits that WEDC can allocate. This provision would reduce general fund tax revenues by an estimated \$5,000,000 in 2014-15. Also, references to the Department of Commerce, which was eliminated by 2011 Wisconsin Act 32, are deleted in the provision authorizing the reallocation of unused credits for use as jobs tax credits.

The angel investment tax credit equals 25% of the claimant's bona fide angel investment made directly in a qualified new business venture (QNBV) certified by WEDC. The maximum

aggregate amount of angel investment tax credits that can be claimed for a tax year is \$20.0 million, plus an additional \$250,000 for tax credits claimed for investments in nanotechnology businesses. The maximum total amount of tax credits that can be claimed for all tax years is \$47.5 million.

WEDC can reallocate unused angel and early stage seed investment tax credits amounts to increase the credit amounts that may be claimed under the refundable jobs tax credit, subject to a 14-day passive review by the Joint Committee on Finance.

[Act 20 Sections: 1344 and 1457]

14. UNEMPLOYMENT INSURANCE BENEFIT REDUCTIONS

GPR-Tax	- \$1,900,000
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Joint Finance/Legislature: Reduce estimated income tax collections by \$700,000 in 2013-14 and \$1,200,000 in 2014-15. Under separate provisions of the bill, unemployment insurance (UI) benefit payments to claimants are estimated to be reduced by \$14.1 million in 2013-14 and by \$23.1 million in 2014-15. Under current law, UI benefits paid to claimants are partially subject to the state income tax and a reduction in benefit payments to individuals is anticipated to have a corresponding reduction in income tax collections in the amounts shown above. Additional information regarding UI benefit reductions under the bill are described under the section "Workforce Development -- Unemployment Insurance".

15. VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT [LFB Paper 282]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Assembly/Leg. (Chg. to JFC)	Net Change
GPR-Tax	\$930,000	\$0	\$0	\$930,000
GPR	\$18,880,000	- \$20,780,000	\$18,800,000	\$16,900,000

Governor: Provide increases of \$4,040,000 in 2013-14 and \$14,840,000 in 2014-15 for the refundable veterans and surviving spouses property tax credit to reflect current law re-estimates (\$4,040,000 in 2013-14 and \$5,340,000 in 2014-15) and proposed changes to the credit's eligibility criteria (\$9,500,000 in 2014-15). With these adjustments, base level funding of \$20,000,000 would increase to an estimated \$24,040,000 in 2013-14 and \$34,840,000 in 2014-15.

The bill would expand the credit to include unremarried surviving spouses of individuals, when the Department of Veterans Affairs has verified that the individual has met the following criteria: (a) the individual had served on active duty under honorable conditions in the U.S. armed services or in forces incorporated as part of the U.S. armed forces; (b) the individual was a resident of Wisconsin at the time of entry into that active service or had been a resident of Wisconsin for any consecutive five-year period after entry into that active duty service; (c) the

individual was a resident of Wisconsin at the time of death; and (d) following the individual's death, the individual's spouse began to receive, and continues to receive, dependency and indemnity compensation as defined under federal law. The proposed eligibility modification would first apply for taxable years beginning on January 1, 2014.

The veterans and surviving spouses property tax credit is equal to the real and personal property taxes paid on a principal dwelling by certain disabled veterans and surviving spouses. The credit is refundable, so it is treated as an expenditure. Because individuals who claim the credit cannot also claim the nonrefundable property tax/rent credit, the administration estimates that the eligibility expansion would cause individual income tax collections to increase by \$930,000 in 2014-15.

Joint Finance: Adopt the Governor's proposal regarding eligibility for the credit. In addition, modify the credit by limiting the amount of property taxes that can be used to calculate the credit to \$2,500 annually and creating a phase-out for the program for claimants with a Wisconsin adjusted gross income between \$75,000 and \$150,000 if filing married-joint, \$60,000 to \$120,000 if filing head-of-household, \$50,000 to \$100,000 if filing single, and \$37,500 to \$75,000 if filing married-separate. Reestimate expenditures for the credit to reflect current participation levels. Compared to the bill, reduce estimated expenditures by \$8,640,000 in 2013-14 (\$7,600,000 to reflect the proposed limitations and \$1,040,000 to reflect current participation levels) and by \$12,140,000 in 2014-15 (\$11,200,000 to reflect the proposed limitations and \$940,000 to reflect current participation levels). Estimate total funding for the credit at \$15,400,000 in 2013-14 and \$22,700,000 in 2014-15.

Assembly/Legislature: Delete the Joint Finance provisions that would limit the amount of property taxes that can be used to calculate the credit to \$2,500 annually and that would create a phase-out for the program for claimants with a Wisconsin adjusted gross income between \$75,000 and \$150,000 if filing married-joint, \$60,000 to \$120,000 if filing head-of-household, \$50,000 to \$100,000 if filing single, and \$37,500 to \$75,000 if filing married-separate. Increase estimated expenditures by \$7,600,000 in 2013-14 and \$11,200,000 in 2014-15. Estimate total funding for the credit at \$23,000,000 in 2013-14 and \$33,900,000 in 2014-15.

[Act 20 Sections: 1348 and 9337(15)]

16. EARNED INCOME TAX CREDIT [LFB Paper 283]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$70,398,000	\$18,726,400	- \$51,671,600
PR	<u>54,000,000</u>	<u>- 16,328,400</u>	<u>37,671,600</u>
Total	- \$16,398,000	\$2,398,000	- \$14,000,000

Governor: Increase PR funding for the earned income tax credit (EITC) by \$27,000,000 annually and decrease GPR funding by \$36,289,000 in 2013-14 and \$34,109,000 in 2014-15 to reflect: (a) current law re-estimates (-\$7,289,000 in 2013-14 and -\$5,109,000 in 2014-15); (b) the

proposed increase in PR funding (-\$27,000,000 annually); and (c) estimated increases in the denial of fraudulent tax credit claims (-\$2,000,000 annually). The estimated increase in finding fraudulent EITC claims is associated with additional funding and positions provided under the proposal to expand DOR's tax fraud enforcement (see "Revenue -- Tax Administration").

The state earned income tax credit is calculated as a percentage of the federal EITC, and is funded with a combination of GPR and PR funding. The program revenue is federal temporary assistance for needy families (TANF) funding transferred from the Department of Children and Families. The GPR portion is provided through a sum sufficient appropriation and covers the balance of the cost of the credit. Under these provisions, total funding for the EITC would decrease to \$107,011,000 in 2013-14 and \$109,191,000 in 2014-15, compared to base funding of \$116,300,000. The PR funding would increase from a base level of \$43,664,200 to \$70,664,200 annually. The estimated GPR sum sufficient portion would be decreased from a base level of \$72,635,800 to \$36,346,800 in 2013-14 and \$38,526,800 in 2014-15.

Joint Finance/Legislature: Set funding amounts for the EITC at \$44,200,000 GPR and \$62,500,000 PR in 2013-14 and \$49,400,000 GPR and \$62,500,000 PR in 2014-15 to reflect a reduction in the amount of TANF revenue used for the credit and a revised estimate of the total cost of the credit. Estimate total expenditures for the credit at \$106,700,000 in 2013-14 and \$111,900,000 in 2014-15. Compared to the Governor, PR funding would be decreased by \$8,164,200 in each year, and GPR funding would be increased by \$7,853,200 in 2013-14 and \$10,873,200 in 2014-15.

17. EARNED INCOME TAX CREDIT -- FRAUDULENT AND RECKLESS CLAIMS [LFB Paper 559]

Governor: Prohibit an individual who files a fraudulent claim for an earned income tax credit from filing for an EITC claim for ten successive taxable years and a person who files a reckless EITC claim from applying for the credit for two successive taxable years. Specify that the prohibition from filing an EITC claim begins with the taxable year that begins immediately after the year for which the Department of Revenue determines that an individual has filed the fraudulent or reckless claim. After the period for which a person has been prohibited from filing for an EITC claim expires, allow an individual to again file for an EITC claim subject to any requirements that DOR may impose on the individual to demonstrate their eligibility for credit. Specify that these provisions first apply to a fraudulent or reckless claim filed with DOR on the effective date of the bill.

Define a fraudulent claim as a claim that is false or excessive and filed with fraudulent intent, as determined by DOR. Define a reckless claim as a claim that is improper due to reckless or intentional disregard of the statutory provisions related to the credit or DOR rules and regulations, as determined by DOR.

The bill includes identical provisions related to fraudulent and reckless claims for the homestead tax credit (see "Shared Revenue and Tax Relief -- Property Tax Credits"). The bill provides that a fraudulent or reckless claim filed for either credit would preclude an individual from filing a claim for both credits for the specified number of years.

Joint Finance/Legislature: Expand provision to include all refundable income and franchise tax credits.

[Act 20 Sections: 1447 and 9337(6)]

18. CLAIM OF RIGHT CREDIT

GPR	- \$216,000
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Governor/Legislature: Decrease funding by \$108,000 annually for the sum sufficient appropriation for the claim of right credit. With these adjustments, base funding of \$278,000 would be reduced to \$170,000 in each year. The credit is provided to taxpayers who must repay income on which taxes were paid in a prior year.

19. INCOME TAX CHECKOFFS

Joint Finance/Legislature: Provide that any income tax check-off that does not generate at least \$75,000 in a year would be permanently removed from state income tax forms beginning in the following tax year. Specify that any check-offs would first be eliminated under this provision in tax year 2015, based on revenues generated in tax year 2014.

Wisconsin provides individual income tax check-off procedures on the income tax forms through which taxpayers may make donations for a variety of specified purposes. For tax year 2011, the table below shows the ten check-offs available to taxpayers and the amounts contributed under each check-off. For tax year 2012, the breast cancer research and prostate cancer research check-offs have been combined into a single check-off for cancer research, and a Special Olympics check-off has been added. For future years, 2011 Wisconsin Act 222 established a procedure for limiting the number of check-offs in any tax year to ten. Under the procedure, the least used check-offs would temporarily rotate off the form, if more than ten check-offs have been created. In addition to the Act 222 provision, the Joint Finance provision would prohibit the inclusion of any check-off on the state's tax forms that did not receive at least \$75,000 in contributions in the immediately preceding tax year.

Donations Through Individual Income Tax Check-Offs, Tax Year 2011

Endangered Species	\$284,039
Breast Cancer Research	155,426
Second Harvest Food Banks	119,749
Military Family Relief Fund	114,059
Red Cross Wisconsin Disaster Relief	101,085
Veterans Trust Fund	94,478
Multiple Sclerosis Programs	78,048
Prostate Cancer Research	64,312
Lambeau Field	59,717
Fire Fighter Memorial	34,816

[Act 20 Section: 1349e]

20. ILLINOIS-WISCONSIN RECIPROACITY [LFB Paper 284]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$6,703,000	\$8,797,000	\$15,500,000

Governor: Increase the estimated payment by \$1,981,000 in 2013-14 and \$4,722,000 in 2014-15 under the Illinois-Wisconsin individual income tax reciprocity agreement. Payments are estimated at \$73,581,000 in 2013-14 and \$76,322,000 in 2014-15.

Joint Finance/Legislature: Increase the estimated cost of the reimbursement to Illinois by \$7,619,000 in 2013-14 and \$1,178,000 in 2014-15. Estimate the total payment at \$81,200,000 in the first year and \$77,500,000 in the second year.

21. INTERNAL REVENUE CODE UPDATE [LFB Paper 285]

GPR-Tax	\$33,700,000
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Governor/Legislature: Update statutory references to the Internal Revenue Code under the state individual and corporate income and franchise taxes. For tax years beginning after December 31, 2012, create provisions adopting IRC provisions in effect as of December 31, 2010, with exceptions. [Note that these provisions use the same IRC reference date, December 31, 2010, as current law provisions applying to tax years beginning after December 31, 2010.] Also for tax years beginning after December 31, 2012, adopt the following IRC provisions which either were added to the IRC prior to December 31, 2010, but not adopted by Wisconsin, or were added to the IRC after December 31, 2010:

- a. A provision allowing the use of the installment method of accounting by accrual-based taxpayers, under the Installment Tax Correction Act of 2000 (P.L. 106-573);
- b. A provision limiting certain tax treatments that apply to Blue Cross Blue Shield organizations and to related health insurance organizations by requiring the organizations to have a medical loss ratio standard of 85%, under the Patient Protection and Affordable Care Act of 2010 (PPACA, P.L. 111-148);
- c. A provision limiting the amount of contributions to flexible spending arrangements, under cafeteria plans for medical expenses, to \$2,500 annually, indexed for inflation, under the PPACA (P.L.s 111-148 and 111-152);
- d. A provision eliminating a deduction for employers who receive Medicare Part D retiree drug subsidy payments, under the PPACA (P.L.s 111-148 and 111-152);
- e. A provision increasing the threshold for the deduction for unreimbursed medical expenses from 7.5% of AGI to 10% of AGI, but retaining the 7.5% threshold for individuals who are 65 years of age or over, under the PPACA [this will affect amounts claimed under the state itemized deduction credit] (P.L. 111-148);
- f. A provision increasing the penalty on distributions from health savings accounts

that are not used for qualified medical expenses from 10% to 20% of the disbursed amount, under the PPACA [the state imposes a penalty equal to 33% of the federal penalty] (P.L. 111-148);

g. A provision limiting the deduction for remuneration paid by health insurance providers, under the PPACA (P.L. 111-148);

h. A provision repealing a provision in the PPACA that was scheduled to take effect in 2014 and that related to free choice vouchers for certain employees, under the Department of Defense and Full-Year Continuing Appropriations Act of 2011 (P.L. 112-10);

i. A provision affecting the treatment of corporate repurchases of convertible debt instruments, under the FAA Modernization and Reform Act of 2012 (P.L. 112-95);

j. A provision affecting the segment rates used to determine the minimum required contribution levels for certain pension funds, under the Moving Ahead for Progress in the 21st Century Act of 2012 (MAP-21 Act -- P.L. 112-141);

k. A provision affecting the transfer of excess pension assets to retiree medical accounts, under the MAP-21 Act (P.L. 112-141);

l. A provision affecting the transfer of excess pension assets to fund the purchase of retiree group-term life insurance, under the MAP-21 Act (P.L. 112-141);

m. A provision exempting the payment of annuities to certain employees participating in a phased retirement program from the early distribution tax, under the MAP-21 Act (P.L. 112-141);

n. A provision making permanent certain federal tax law changes that were enacted on a temporary basis that pertain to: (1) increasing the maximum annual contribution limits for Coverdell education savings accounts from \$500 to \$2,000; (2) increasing the income phase-out range for contribution limits to Coverdell accounts for married taxpayers to twice the amount as for single taxpayers; (3) providing an exclusion of up to \$5,250 annually of employer-provided educational assistance; (4) increasing the income phase-out range for student loan interest deductions and eliminating the 60-month limitation on the deduction and the restriction on voluntary payments of interest; (5) the exclusion from gross income of certain scholarships with obligatory service requirements, under the American Taxpayer Relief Act (P.L. 112-240); and

o. A provision allowing current employees to roll over amounts in employer 401(k), 403(b), and 457(b) traditional retirement plans to Roth plans, under the American Taxpayer Relief Act (P.L. 112-240).

Except for the two American Taxpayer Relief Act provisions, specify that the preceding provisions apply for Wisconsin purposes for tax years beginning after December 31, 2012. Specify that the two American Taxpayer Relief Act provisions apply for Wisconsin purposes at the same time as for federal purposes. Generally, the two American Taxpayer Relief Act provisions apply to tax years beginning after December 31, 2012.

The adoption of the identified provisions would increase individual and corporate income and franchise tax collections by an estimated \$15,500,000 in 2013-14 and \$18,200,000 in 2014-15. The administration indicates that the fiscal effect is attributable to four of the preceding items: (1) \$2,800,000 in 2013-14 and \$3,000,000 in 2014-15 related to flexible spending accounts; (2) \$3,100,000 in 2013-14 and \$3,400,000 in 2014-15 related to Medicare Part D payments; (3) \$6,500,000 in 2013-14 and \$8,400,000 in 2014-15 related to itemized medical expenses deductions; and (4) \$3,100,000 in 2013-14 and \$3,400,000 in 2014-15 related to penalties on nonqualified health savings account distributions. These are items (c) through (f) above, respectively. The administration indicates that the other items would have a minimal fiscal effect.

[Act 20 Sections: 1288 thru 1297, 1353 thru 1372, 1374 thru 1383, 1399 thru 1408, and 1409 thru 1418]

22. ELECTRONIC MEDICAL RECORDS SUNSET

GPR-Tax	\$5,000,000
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Governor/Legislature: Provide that the electronic medical records tax credit can only be claimed for tax years beginning after December 31, 2011, and before January 1, 2014. The sunset would increase state individual income and corporate income/franchise taxes by an estimated \$5,000,000 in 2014-15.

Under current law, the electronic medical records tax credit equals 50% of the amount paid by a health care provider in a tax year for information technology hardware or software that is used to maintain medical records in an electronic form. Tax credits not entirely used to offset income and franchise taxes can be carried forward up to 15 years to offset future tax liabilities. The maximum total amount of electronic medical records tax credits that can be claimed in a tax year is \$10 million.

DOR is required to certify health care providers as eligible for the electronic medical records tax credit, and to allocate the credit to claimants. Health care providers must apply to DOR for certification and allocation. Based on the information submitted, DOR certifies health care providers as eligible for the credit, and notifies the provider of its credit allocation. The Department determines the amount of credit that the applicant may claim.

"Health care provider" is defined broadly to include nurses, physicians, dentists, chiropractors, occupational therapists, and many other specified providers, as well as a partnership of providers, a corporation or limited liability company of providers that offer health care services, an operational cooperative sickness care plan that directly provides services through salaried employees at its own facility, a hospice, a rural medical center, an inpatient health care facility, and a community-based residential facility.

[Act 20 Sections: 1345, 1396, and 1432]

23. ECONOMIC DEVELOPMENT TAX CREDIT [LFB Paper 286]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Tax	-\$9,842,100	-\$2,857,900	-\$12,700,000

Governor: Increase the limit on the total amount of economic development tax credits (EDTCs) that can be allocated by WEDC by \$75 million, from \$128.3 million to \$203.3 million. Increasing the maximum total credit limit would reduce general fund tax revenues by an estimated \$842,100 in 2013-14 and \$9,000,000 in 2014-15. In addition, the current law provision that allows WEDC to grant exceptions to the full-time job requirement would be modified to: (a) delete the requirement that WEDC adopt a rule specifying the circumstances under which it can grant exceptions; (b) delete the minimum 37.5 hours that must be worked to be considered full-time; (c) require annual pay equal to 150% of the federal minimum wage; and (d) require that the individual be offered retirement, health, and other benefits that are equivalent to those offered individuals in full-time jobs. The modification to the full-time job exception would first apply to tax years beginning on or after January 1, 2013.

Under current law, economic development tax credits can be claimed under the individual income, corporate income and franchise, and insurance premiums taxes for job creation or retention, capital investment, employee training, and corporate headquarters retention or location projects. Generally, credits for jobs created must be for full-time jobs. However WEDC can make exceptions to this requirement if specified by rule.

The aggregate limit on the amount of tax benefits that can be provided under the economic development credit was last increased, by \$25 million, under 2011 Act 4. That act included a provision requiring the Department of Commerce (now WEDC) to submit a plan for allocating the additional tax benefits to the Joint Committee on Finance under a 14-day passive review process, prior to allocating the additional \$25.0 million. AB 40 would repeal the statutes regarding this review process, and it would not apply to the additional \$75 million in credits recommended by the Governor.

Joint Finance/Legislature: Modify the Governor's recommendations to immediately authorize an additional \$36,000,000 in EDTCs. Require WEDC to submit a request, including a report with information about the use of EDTCs, to the Joint Committee on Finance under a 14-day passive review process, before the remaining \$39,000,000 in EDTCs could be allocated. Compared to current law, this provision would reduce state income and franchise tax revenues by an estimated \$3,700,000 in 2013-14 and \$9,000,000 in 2014-15. Compared to the bill, this would reduce state income and franchise tax revenues by an additional \$2,857,900 in 2013-14. These estimates reflect the impact of the manufacturing and agriculture credit.

[Act 20 Sections: 1333, 1385, 1421, 1468, 2070 thru 2073, 2075, 2075m, and 9350(4)]

24. JOBS TAX CREDIT MODIFICATIONS

Governor/Legislature: Modify jobs tax credit provisions as follows:

- a. Require that, in order to claim a credit for increased employment in a tier I county or municipality, the employee's wages must be greater than the amount determined by multiplying 2,080 by 150% of the federal minimum wage, rather than the current law minimum of \$20,000 in wages. With the current minimum wage of \$7.25 per hour, the new wage threshold would be \$22,620.
- b. Clarify that an increase in net employment for the purposes of the credit is the net increase in employment above the net employment in the business during the year before the business was certified to claim the credit.
- c. Authorize WEDC to adopt policies and procedures, rather than rules, for administering certain provisions of the jobs tax credit, including determining the change in a business' net employment.
- d. Provide that the per employee jobs tax credit can be an amount up to 10%, rather than equal to 10%, of the wages paid to an employee subject to the \$10,000 maximum per employee credit amount.
- e. Authorize WEDC to grant exceptions to the requirement that a jobs credit be for a full-time position if: (1) the annual pay for the position is more than the amount determined by multiplying 2,080 by 150% of the federal minimum wage; and (b) an individual in the position is offered retirement, health, and other benefits equivalent to those offered a full-time employee.

These provisions would have a minimal fiscal effect, and first apply to tax years beginning on or after January 1, 2013.

Under current law, a refundable tax credit can be claimed under the state individual income and corporate income and franchise taxes, for 10% of the eligible wages paid to an eligible employee and/or the amount of costs incurred to undertake training activities in a tax year, as determined by WEDC. Specifically, WEDC can award tax benefits equal to the lesser of 10% of the wages paid to an employee or \$10,000, if the employee earned wages in the year for which the tax credit is claimed equal to one of the following: (1) at least \$20,000 in a tier I county or municipality; or (2) at least \$30,000 in a tier II county or municipality.

In order to claim the credit, a claimant must be certified by WEDC. A person that is certified can only receive tax credits for each year that the following apply: (a) the person increases net employment in the business; and (b) the person pays the eligible employee the required wages for a tier I (\$20,000) or tier II (\$30,000) county or municipality and/or provides the required training to an employee in a tier I or tier II county or municipality.

An "eligible employee" means a person employed in a full-time job. "Full-time job" is defined as described above, but with the additional requirement that the employee receives pay that is equal to at least 150% of the federal minimum wage and benefits that are not required by state law.

WEDC is authorized to adopt rules to administer certain provisions including establishing the definitions of tier I and tier II counties and municipalities, a schedule of tax benefits, conditions for revocation of tax benefits, and conditions for repayment of tax benefits. "Tier I" and "tier II" counties and municipalities are designated as such by WEDC. In making the designations, WEDC considers the most current data available for the area using the following indicators: (a) unemployment rate; (b) percentage of families with incomes below the poverty line; (c) median family income; (d) median per capita income; and (e) other significant or irregular indicators of economic distress, such as a natural disaster or mass layoff. To the extent possible, the Corporation must give preference in designating areas to those with the greatest economic need.

[Act 20 Sections: 2060 thru 2068 and 9350(3),(4)&(5)]

25. JOBS TAX CREDIT SUM SUFFICIENT REESTIMATE [LFB Paper 287]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$16,000,000	-\$4,000,000	\$12,000,000

Governor: Provide increases of \$8,000,000 annually for the sum sufficient appropriation for jobs tax credits to reestimate claims during the biennium. The adjustments would increase total funding from \$9,000,000 annually to \$17,000,000 annually

Joint Finance/Legislature: Reestimate the sum sufficient appropriation for the jobs tax credit to be \$12,000,000 in 2013-14 and \$18,000,000 in 2014-15. Compared to the bill, the reestimate would reduce the jobs tax credit appropriation by \$5,000,000 in 2013-14, and increase it by \$1,000,000 in 2014-15.

26. ENTERPRISE ZONE TAX CREDITS

Governor/Legislature: Modify enterprise zone tax credit provisions as follows:

a. Require that, in order to claim the enterprise zone jobs tax credit in a tier I county or municipality, the employee's wages must be greater than the amount determined by multiplying 2,080 by 150% of the federal minimum wage, rather than the current law minimum of \$20,000 in wages.

b. Authorize WEDC to certify any type of manufacturer, rather than an original equipment manufacturer, with a significant supply chain in the state to claim a credit for retaining jobs, if the business makes a significant capital investment in property in an enterprise zone.

c. Eliminate the requirement that, to be eligible for an enterprise zone investment tax credit, the capital investment must equal at least 10% of the business' gross revenues in Wisconsin in the previous tax year, and instead require that it be a significant capital investment.

d. Authorize WEDC to adopt policies and procedures, rather than rules, for administering certain provisions of the enterprise zone tax credit, including determining the definition of significant capital investment.

e. Authorize WEDC to grant exceptions to the requirement that an enterprise zone jobs credit be for a full-time position if: (1) the annual pay for the position is more than the amount determined by multiplying 2,080 by 150% of the federal minimum wage; and (2) an individual in the position is offered retirement, health, and other benefits equivalent to those offered a full-time employee.

These provisions would have a minimal fiscal effect, and first apply to tax years beginning on or after January 1, 2013.

The enterprise zone program provides refundable tax credits that can be claimed, under the state individual income and corporate income/franchise taxes, for eligible expenses for increased employment, retaining employees, employee training, capital investment, and purchases from Wisconsin vendors. WEDC is responsible for designating enterprise zones, certifying taxpayers, allocating and verifying tax credits, and performing other general administrative functions related to the enterprise zone program.

Basically, the enterprise zone tax credit equals up to 7% of the business' average zone payroll for full-time employees, over the base year amount, in excess of \$20,000 per year in a tier I county or municipality, and in excess of \$30,000 per year in a tier II county or municipality.

WEDC may certify for tax credits businesses that meet certain criteria including:

a. A business that expands its operations in an enterprise zone and that makes a capital investment in property located in the enterprise zone if the following apply: (1) the value of capital investment is equal to at least 10% of the business' gross revenues from business in the state in the preceding tax year; (2) the business enters into an agreement with WEDC to claim tax benefits only for years during which the business maintains the capital investment; and (3) the business offers compensation and benefits for the same type of work to its employees in the zone that are at least as favorable as those offered to employees working in Wisconsin, but outside the zone.

b. A business that retains jobs in an enterprise zone, but only if the business makes a significant capital investment in property located in the zone, and at least one of the following applies: (1) the business was an original equipment manufacturer with a significant supply chain in Wisconsin; or (2) more than 500 full-time employees were employed by the business in the enterprise zone.

In general, "full-time employee" means an individual who is employed in a regular, non-seasonal job and who is required to work at least 2,080 hours per year, including paid leave and holidays. WEDC can specify, by rule, circumstances under which it can grant exceptions to that requirement. However, under no circumstances, would a full-time employee mean an individual who was required to work less than 37.5 hours per week.

WEDC is authorized to adopt rules to specify certain provisions of the law, including the definitions of tier I and tier II municipalities and counties, original equipment manufacturer, and significant capital expenditure. (The factors used by WEDC to designate Tier I and Tier II counties are described in a prior entry regarding the tax jobs credit.)

[Act 20 Sections: 1339 thru 1343, 1391 thru 1395, 1427 thru 1431, 2072, 2073, 2077 thru 2086, 9337(4), and 9350(1),(2)&(4)]

27. ENTERPRISE ZONE TAX CREDIT SUM SUFFICIENT REESTIMATE [LFB Paper 288]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$9,000,000	-\$4,400,000	\$4,600,000

Governor: Provide increases of \$1,100,000 in 2013-14, and \$7,900,000 in 2014-15 for the sum sufficient appropriation for enterprise zone tax credits to reestimate tax credit claims during the biennium. The reestimates reflect projections of tax credit claims from major economic development projects under the program. The adjustments would increase total funding from \$43,300,000 to \$44,400,000 in 2013-14 and to \$51,200,000 in 2014-15.

Joint Finance/Legislature: Reestimate the sum sufficient appropriation for the enterprise zone jobs credit appropriation to be \$40,000,000 in 2013-14. Compared to the bill, the reestimate would reduce the enterprise zone jobs credit appropriation by \$4,400,000 in 2013-14.

28. WOODY BIOMASS TAX CREDIT SUM SUFFICIENT REESTIMATE

GPR	-\$1,200,000
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Governor/Legislature: Decrease funding by \$600,000 annually for the sum sufficient appropriation for the woody biomass tax credit to reestimate tax credit claims during the biennium. The reestimate reflects prior year actual credit claims. With these adjustments, total funding would decrease from \$900,000 to \$300,000 in each year of the 2013-15 biennium. This credit would be eliminated beginning with tax year 2015 under another provision.

29. DAIRY MANUFACTURING FACILITY INVESTMENT TAX CREDIT SUM SUFFICIENT REESTIMATE [LFB Paper 289]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$89,200	-\$500,000	-\$589,200

Governor: Provide increased funding of \$42,900 in 2013-14 and decreased funding of

\$132,100 in 2014-15 in the sum sufficient appropriation for the dairy manufacturing facility investment tax credit. The adjustments would increase total funding from \$657,100 to \$700,000 in 2013-14, and decrease funding to \$525,000 in 2014-15.

Joint Finance/Legislature: Reestimate the sum sufficient appropriation for dairy manufacturing facility investment tax credits claimed by cooperatives to be \$200,000 annually. Compared to the bill, the reestimate would reduce the dairy manufacturing facility credit; dairy cooperatives appropriation by \$500,000 in 2013-14. This credit would be eliminated beginning in tax year 2014, under another provision.

30. BEGINNING FARMER AND FARM ASSET OWNER TAX CREDIT SUM SUFFICIENT

GPR	- \$500,000
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Governor/Legislature: Decrease funding by \$250,000 annually for the sum sufficient appropriation for the beginning farmer and farm asset owner tax credit. The adjustments would reduce total funding from \$300,000 to \$50,000 annually. This credit would be eliminated beginning with tax year 2014 under another provision.

31. ELIMINATE CERTAIN BUSINESS TAX CREDITS

GPR	- \$3,175,000
GPR-Tax	\$22,500,000

Joint Finance/Legislature: Eliminate the following refundable income and franchise tax credits, beginning in tax year 2014: (a) dairy manufacturing facility investment; (b) meat processing facility investment; (c) food processing facility and food warehouse investment; (d) beginning farmer and farm asset owner; and (e) film production services and investment. Repeal the refundable woody biomass harvesting and processing investment credit in tax year 2015. Because they are refundable, eliminating these credits would reduce GPR expenditures by an estimated minimal amount in 2013-14 and \$3,175,000 in 2014-15.

Eliminate the following nonrefundable credits beginning in tax year 2014: (a) super research and development; (b) post-secondary education; (c) dairy and livestock farm investment; (d) ethanol and biodiesel fuel pump installation; (e) biodiesel fuel production; (f) water consumption; (g) internet equipment; (h) relocated business; (i) research facilities; (j) community development finance; and (k) health insurance risk-sharing plan (HIRSP) assessment. Eliminating these credits would increase state income and franchise tax revenues by an estimated \$5,100,000 in 2013-14 and \$17,400,000 in 2014-15.

The table below shows the estimated fiscal effect of eliminating each credit.

	<u>2013-14</u>	<u>2014-15</u>
Nonrefundable Credits -- Income and Franchise Tax Revenues		
Super Research and Development	\$500,000	\$2,000,000
Post-Secondary Education	Minimal	Minimal
Dairy and Livestock Investment	2,400,000	9,800,000
Ethanol & Biodiesel Fuel Pump	Minimal	100,000
Health Insurance Risk-Sharing Plan Assessment	600,000	3,000,000
Biodiesel Fuel Production	Minimal	Minimal
Water Consumption	100,000	300,000
Internet Equipment	Minimal	Minimal
Relocated Business	1,500,000	2,200,000
Research Facilities	Minimal	Minimal
Community Development Finance	<u>Minimal</u>	<u>Minimal</u>
Total	\$5,100,000	\$17,400,000
Refundable Credits -- GPR Expenditures		
Dairy Manufacturing Facility Investment	Minimal	-\$1,225,000
Meat Processing Facility Investment	Minimal	-700,000
Food Processing Plant and Food Warehouse Investment	Minimal	-700,000
Beginning Farmer and Farm Asset Owner	Minimal	-50,000
Film Production Services and Investment	<u>Minimal</u>	<u>-500,000</u>
Total	Minimal	-\$3,175,000

[Act 20 Sections: 1304d thru 1304f, 1331d, 1338b thru 1338u, 1344b thru 1344g, 1345b thru 1345e, 1347b thru 1347f, 1348d, 1348e, 1372c, 1383j, 1390b thru 1390u, 1395b thru 1395es, 1395f thru 1395h, 1396b thru 1396e, 1398b thru 1398f, 1398i thru 1398L, 1419h, 1426b thru 1426u, 1431b thru 1431es, 1431f thru 1431h, 1432b thru 1434f, 1434i thru 1434L, and 1473c thru 1473f]

32. LIMIT MANUFACTURING AND AGRICULTURE CREDIT

Joint Finance/Legislature: Beginning in tax year 2014, modify the manufacturing and agriculture credit to specify that the credit could not exceed the amount of income or franchise tax paid on the income on which the credit is based.

[Act 20 Sections: 1345hf thru 1345k and 9337(15d)]

33. FEDERALIZE DEPRECIATION, DEPLETION, EXPENSING

GPR-Tax	- \$5,000,000
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Joint Finance/Legislature: Federalize the treatment of depreciation, Section 179 expensing, and depletion for property placed in service on or after January 1, 2014, and specify that any federal changes regarding Section 179 expensing (but not depreciation or depletion) that are enacted after that date would be automatically adopted for state tax purposes. In addition, specify that for property placed in service before January 1, 2014, the taxpayer must consolidate the difference between federal tax basis and state tax basis into a single asset account that may be amortized/depreciated over five years (tax years 2014 through 2018). This provision would reduce

income and franchise tax revenues by an estimated \$1,200,000 in 2013-14 and \$3,800,000 in 2014-15.

[Act 20 Sections: 1297d thru 1297f, 1304gm, 1304i thru 1304m, 1372b, 1383b thru 1383f, 1408b, 1408c thru 1408g, 1419d thru 1419f, 1453d, and 1453dm]

34. EXPAND RESEARCH CREDITS

GPR-Tax - \$9,400,000

Joint Finance/Legislature: Beginning in tax year 2013, allow sole proprietors, partners of partnerships, shareholders of tax-option (S) corporations, and members of limited liability companies (LLCs) to claim the research expense, research facilities, and related research expense and facilities credits for designing internal combustion engines and designing and manufacturing energy efficient systems and products. However, the research facilities credit would be eliminated in tax year 2014. The provision would decrease state income and franchise tax revenues by an estimated \$1,900,000 in 2013-14 and \$7,500,000 in 2014-15.

[Act 20 Sections: 1298p, 1343b, 1343c, 1348f thru 1348j, 1352d, 1352e, 1395am, 1395ar, 1408bg, 1408h, 1431am, and 1431as]

35. INCREASE HISTORIC REHABILITATION TAX CREDIT

GPR-Tax - \$3,400,000

Joint Finance/Legislature: Beginning in tax year 2013, increase the percentage of the state supplement to the federal historic rehabilitation tax credit from 5% to 10%, under the individual income tax and the corporate income and franchise tax. This would reduce state income and franchise tax revenues by an estimated \$1,700,000 annually.

[Act 20 Sections: 1348eb thru 1348ef, 1398fh thru 1398fs, and 1434fg thru 1434fs]

36. TAX LAW CHANGE INTERACTION EFFECTS

GPR-Tax - \$1,500,000

Joint Finance/Legislature: Reduce income and franchise tax collections by an estimated \$300,000 in 2013-14 and \$1,200,000 in 2014-15 to account for the interaction effects of the other changes regarding taxable income, tax rates, and tax credits.

Sales and Use Taxes

1. SALES AND USE TAX EXEMPTION FOR LUMP SUM CONTRACTS

GPR-Tax - \$1,040,000

Governor/Legislature: Create an exemption from the sales and use tax for certain sales subject to the tax when sold as part of a lump sum contract. Under the bill, a "lump sum

contract" would mean a contract to perform real property construction activities and to provide taxable goods or services and for which the contractor quotes the charge for labor, services of subcontractors, and the taxable items as one price, including a contract for which the contractor itemizes such charges as part of the schedule of values or similar document.

If the total sales price of all taxable items is less than 10% of the total amount of the lump sum contract, an exemption would apply to the sales price of the taxable items that are sold by the contractor to the purchaser.

Under the bill, if the lump sum contract were entered into with an entity generally subject to the sales and use tax, the contractor would be the consumer of such taxable items and would have to pay tax on the purchase price of those items. Under current law, the contractor may choose to separately state the sales price of the taxable items if the amount represents less than 10% of the lump sum contract which would, instead, require the purchaser to pay the sales tax on the separately stated amount.

If the lump sum contract were entered into with a tax-exempt entity, the contractor would be the consumer of all taxable products used by the contractor in real property construction activities, but the contractor could purchase, without tax for resale, taxable items that are sold by the contractor as part of the lump sum contract, as long as such taxable items are not consumed by the contractor in real property construction activities. DOR indicates that this treatment is the same as current law.

These provisions would first apply to contracts entered into on or after the first day of the third month beginning after publication of the budget bill. The administration estimates that these provisions would reduce general fund revenues by \$460,000 in 2013-14 and by \$580,000 in 2014-15. The reduced revenue would reflect a reduction in the total sales price of items subject to tax as contractors would owe tax on their purchase of taxable items instead of the final sales price, including mark-up, of taxable items for lump sum contracts where the value of the taxable items is less than 10% of the contract.

[Act 20 Sections: 1479, 1497, 9337(8), and 9437(10)]

2. SALES AND USE TAX EXEMPTION FOR QUALIFIED RESEARCH IN BIOTECHNOLOGY AND ADVANCED MANUFACTURING [LFB Paper 295]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Tax	\$0	-\$1,800,000	-\$1,800,000

Governor: Make the following changes to the current law exemption from the state sales and use tax for certain purchases made by persons who are primarily engaged in manufacturing or biotechnology in this state:

Definitions

The following definitions would generally apply throughout the sales and use tax statutes instead of applying only to certain exemptions:

a. "Biotechnology" would mean the application of biotechnologies, including recombinant deoxyribonucleic acid 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.

b. "Biotechnology business" would mean a business, as certified by DOR in the manner prescribed by the Department, that is primarily engaged in the application of biotechnologies that use a living organism or parts of an organism to produce or modify products to improve plants or animals, develop microorganisms for specific uses, identify targets for small molecule pharmaceutical development, or transform biological systems into useful processes and products.

c. "Primarily" would mean more than 50%.

Machinery and Equipment Used in Manufacturing and Biotechnology

The bill would delete the current law exemptions for: (a) machinery and equipment, including attachments, parts, and accessories, that are sold to persons who are engaged primarily in manufacturing or biotechnology in this state and are used exclusively and directly in qualified research; and (b) tangible personal property that is sold to persons who are engaged primarily in manufacturing or biotechnology in this state, if the property is consumed or destroyed or loses its identity while being used exclusively or directly in qualified research. Instead, a new exemption would be provided for the sales price from the sale of machinery and equipment, including attachments, parts, and accessories, and other property that is sold to any of the following and that is consumed or destroyed or lose its identity while being used exclusively and directly in qualified research: (1) a person engaged in manufacturing in this state at a building assessed under laws governing the state assessment of manufacturing property; (2) a person engaged primarily in biotechnology in this state; and (3) a combined group member who is conducting qualified research for another combined group member and that other combined group member is a person described in "1" and "2".

The following definitions would apply for purposes of the exemption described above:

a. "Building" and "machinery" would have the same meaning as defined in the property tax statutes under current law.

b. "Combined group" would have the same meaning as defined in the combined reporting provisions under current law governing corporate income and franchise taxes.

c. "Qualified research" would continue to mean research undertaken for the purpose of

discovering information which is technological in nature, and the application of which was intended to be useful in the development of a new or improved business component of the taxpayer, as currently applies to the manufacturing and biotechnology exemptions. In addition, "qualified research" would also include qualified research that is funded by a member of a combined group for another member of a combined group under the bill.

d. "Used exclusively" would continue to mean used to the exclusion of all other uses except for other use not exceeding 5% of total use, as currently applies to the manufacturing and biotechnology exemptions.

Machinery and Equipment Used in Raising Animals

Current law provides an exemption for machines and specific processing equipment, including accessories, attachments, and parts for the machines or equipment, that are used exclusively and directly in raising animals that are sold primarily to a biotechnology business, a public or private institution of higher education, or a governmental unit for exclusive and direct use by any such entity in qualified research or manufacturing. Current law also provides an exemption for medicines, semen for artificial insemination, fuel, and electricity that are used exclusively and directly in raising animals that are sold primarily to a biotechnology business, a public or private institution of higher education, or a governmental unit for exclusive and direct use by any such entity in qualified research or manufacturing.

The bill would delete the definition of "qualified research" under this exemption, which means research undertaken for the purpose of discovering information which is technological in nature, and the application of which was intended to be useful in the development of a new or improved business component of the taxpayer under current law. The bill would not provide a new definition for "qualified research" under this exemption. [The administration indicates that the repeal of this definition was unintentional.]

These provisions would apply retroactively to sales made on January 1, 2012. The administration indicates that these changes would have a minimal impact on sales and use tax revenues.

According to DOR, the provisions described above are intended to make two changes to current law. First, a member of a combined group would be eligible to receive the exemption for purchases of machinery and equipment used, or items that are consumed or destroyed while being used, exclusively and directly in qualified research provided at least one member of the combined group is either engaged in manufacturing at a building assessed as manufacturing property under Wisconsin's property tax statutes or is engaged primarily in biotechnology. Second, the bill would specify that a person qualifying for the manufacturing exemption must be engaged in manufacturing at a building assessed as manufacturing property under Wisconsin's property tax statutes instead of being engaged primarily in manufacturing.

Joint Finance: Approve the Governor's proposal with a modification to apply the proposed definition for "qualified research" to the two current law exemptions described under the section "Machinery and Equipment Used in Raising Animals." In addition, specify that the changes first apply to sales made on the day following publication of the budget bill, rather than

applying retroactively to sales made on January 1, 2012. Estimate the fiscal effect of the proposal to be an annual revenue decrease of \$900,000.

Assembly/Legislature: Clarify that the Joint Finance provisions first apply to sales made on the day following publication of the bill, rather than on the day of publication.

[Act 20 Sections: 1489 thru 1494, 1496, and 9337(9)]

3. SALES AND USE TAX EXEMPTION FOR VETERINARY SERVICES [LFB Paper 296]

Governor: Specify that "custom farming services" includes services performed by a veterinarian to animals that are farm livestock or work stock under laws governing the general sales and use tax. Under current law, purchases of farm tractors and machines, including parts, lubricants, nonpowered equipment, and other tangible personal property used or consumed in the business of custom farming services are exempt from the tax. Current law also exempts seeds, plants, feed, fertilizer, pesticides, wire and twine, animal bedding, milkhouse supplies, plastic sheeting, and certain containers used in custom farming services from the tax. The term "custom farming services" is not defined in the sales tax statutes. According to DOR, this provision would codify the Department's current sales tax treatment of these veterinary services and would not have a fiscal impact on the general fund.

Joint Finance/Legislature: Modify the proposed definition of "custom farming services" to specify that "custom farming services" includes services performed by a veterinarian to animals that are farm livestock or work stock used exclusively in the business of farming. This modification would more accurately reflect the Governor's intent.

[Act 20 Section: 1475]

4. PROPERTY PROVIDED WITH SERVICES

Governor/Legislature: Clarify that the sales tax exemption for a product provided free of charge with the required purchase of another product that is subject to the sales and use tax does not apply to services subject to tax. Under current law, with respect to services subject to the sales and use tax, no part of the charge for the service may be deemed a sale or rental of property or goods if the property or goods transferred by the service provider are incidental to the selling, performing, or furnishing of the service, with certain exemptions. Current law provides that if a person provides a product free of charge to a purchaser who must also purchase another product or products that are all subject to sales and use tax in the same transaction, the person who provides the product free of charge may purchase that product without tax for resale. According to DOR, this provision would not change the Department's current tax treatment for services subject to the tax. The administration has requested this change to clarify existing policy.

Prior to 2011 Act 32, a person who provided a product free of charge to the consumer in conjunction with the required purchase of another product, provided that the sales price of the other product did not vary depending on whether the product provided free of charge was

included in the transaction, was the consumer of that product and had to pay use tax on the purchase price of that product. As a result, if a retailer sold two items in a buy-one-get-one-free transaction, the seller was required to pay use tax on the purchase price of the product that was provided for free. Under Act 32, a product provided free of charge with the required purchase of another taxable product or products, for which the price does not vary depending on inclusion of the free product, does not require the seller to pay use tax on the purchase price of the free product. The change recommended by the Governor would specifically exclude services subject to tax from this provision. According to the Department, if this modification is not made, it is possible that a taxpayer could successfully argue that a product provided to a purchaser that is provided for no charge in conjunction with a taxable service might qualify for this exemption. If this were to occur, the Department estimates that at least \$5.2 million, and possibly substantially more, in reduced annual sales tax revenue could occur. Some examples of property and items currently subject to tax that might become exempt if this modification is not made are soap and shampoo provided by hotels, exercise equipment at health clubs and hotels, promotional items given away at sporting events, hotel room furnishings and movie theater seats, and office supplies purchased by taxable service providers.

[Act 20 Section: 1486]

5. DEFINITION OF PURCHASE PRICE AND SALES PRICE

Governor/Legislature: Specify that taxes imposed on the seller that are separately stated on the invoice, bill of sale, or similar document that the seller gives to the purchaser if the law imposing or authorizing the tax provides that the seller may, but is not required to, pass on to and collect the tax from the user or consumer are not included in the definition of "purchase price" or "sales price." Specify also that the municipal room tax may be collected from the consumer or user and, if so, may be separately stated and excluded from the "purchase price" or "sales price", rather than being exempt from the price under current law.

Under current practice, the Department has excluded certain taxes from the purchase price and sales price for purposes of calculating sales and use tax liability, such as the local exposition food and beverage tax, the premier resort area tax, the state rental vehicle fee, and the state universal service fund fee. According to DOR, the proposed language would allow the state to continue its current practice while remaining in compliance under the Streamlined Sales and Use Tax Agreement (SSUTA). If these changes are not adopted, the state would either: (a) be found out of compliance with the SSUTA, which could result in a loss of approximately \$2 million per year from retailers who have volunteered to collect and remit Wisconsin taxes on remote sales; or (b) subject certain taxes and fees to the sales and use tax that are currently excluded from the tax, which would increase sales tax revenues to the general fund. As a result, the fiscal effect of these provisions is unknown.

[Act 20 Sections: 1276 and 1481 thru 1484]

6. SALES AND USE TAX EXEMPTION FOR PRINTING ADVERTISING AND PROMOTIONAL DIRECT MAIL [LFB Paper 297]

Governor/Legislature: Exempt the services of printing or imprinting advertising and promotional direct mail from the sales and use tax. Under current law, the producing, fabricating, processing, printing, or imprinting of tangible personal property for a consideration for consumers who furnish directly or indirectly the materials used in the producing, fabricating, processing, printing, or imprinting is subject to the sales and use tax, with certain exemptions. Under a separate provision, current law provides an exemption for sales of advertising and promotional direct mail from the tax, beginning July 1, 2013. This provision would also exempt the sales price of the service of printing or imprinting advertising and promotional direct mail from the tax. The administration indicates that this provision would reduce tax revenues by a minimal amount. This provision would take effect on July 1, 2013.

[Act 20 Sections: 1485 and 9437(12)]

7. SALES AND USE TAX FILING FREQUENCY [LFB Paper 298]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Tax	- \$300,000	\$300,000	\$0

Governor: Increase the statutory threshold for when DOR can require that a taxpayer file sales and use tax returns on a monthly basis, due on the last day of the following month, rather than filing tax returns on a quarterly basis. Under current law, DOR may require that a taxpayer with sales and use tax liability file monthly if the taxpayer has a tax liability in any calendar quarter exceeding \$600. Under the bill, the Department could only require taxpayers that have tax liability exceeding \$1,200 in a calendar quarter to file monthly. This provision would take effect on January 1, 2014. The administration estimates that this provision would reduce general fund interest earnings by \$150,000 in 2013-14 and 2014-15. [However, the revenue loss was incorrectly recorded as a decrease in tax collections under AB 40.]

Joint Finance/Legislature: Increase estimated sales and use tax revenues by \$150,000 in 2013-14 and 2014-15. As noted above, this provision was incorrectly recorded as a tax revenue loss. The provision shifts some taxpayers' sales and use tax liability from monthly to quarterly, which reduces the monthly balance of general fund revenues that would otherwise be available to be invested by the State of Wisconsin Investment Board (SWIB) and could affect the amount of interest that might be earned during the intervening months of each quarter. GPR-Earned from interest earnings on SWIB investments is estimated to be lower by a minimal amount.

[Act 20 Sections: 1498 and 9437(2)]

8. SALES AND USE TAX TIME LIMIT FOR REFUNDS

Governor/Legislature: Clarify that any person may generally claim a sales and use tax

refund within four years after the due date of a person's corresponding Wisconsin income or franchise tax return under current law. This provision would take effect on the first day of the first month beginning after publication of the budget bill.

[Act 20 Sections: 1500 and 9437(9)]

9. EXEMPTION CERTIFICATE REPORTING FOR SALES AND USE TAXES [LFB Paper 299]

Governor: Specify that, for laws governing return adjustments under the general sales and use tax, a retailer who receives an exemption certificate after reporting a sale as taxable may either claim a deduction for the tax amount on a subsequent return or file an amended return for the period in which the transaction was originally reported. Under current law, a retailer is only authorized to claim this deduction by filing an amended return for the period in which the transaction was originally reported. The Department anticipates that this provision would have a minimal effect on the general fund.

Joint Finance/Legislature: Modify the Governor's proposal to specify that a retailer may claim a deduction on a subsequent sales tax return if the retailer receives an exemption certificate from a purchaser and: (a) the deduction is claimed in the same reporting period in which the retailer received the exemption certificate; (b) the exemption certificate was received in the same taxable year of the retailer as the reporting period in which the tax was paid; (c) the sales price or purchase price was previously reported as taxable and the retailer previously paid the tax to DOR; and (d) the retailer has returned to the buyer, in cash or in credit, all tax previously paid by the buyer.

Compared to the Governor's proposal, the two substantive changes are: (a) a retailer could only claim a deduction from the tax for an exemption certificate if the deduction was claimed in the same reporting period in which the exemption certificate was received; and (b) the deduction could only be claimed if the retailer received the exemption certificate in the same taxable year as the reporting period in which the tax was previously paid. If these conditions are not met, the retailer could file an amended return to claim a refund for the amount of tax previously paid, in the manner provided under current law.

[Act 20 Section: 1499d]

10. TECHNICAL MODIFICATIONS TO SALES AND USE TAX STATUTES

Governor/Legislature: Make the following technical modifications to the sales and use tax statutes:

a. "Prepaid wireless calling service" would mean a telecommunications service that provides the right to utilize mobile wireless service, as well as other nontelecommunications services, including the download of digital products delivered electronically, content, and ancillary services, and that is paid for prior to use and sold in predetermined units or dollars that decrease with use in a known amount. Under current law, the definition refers to predetermined dollar units whereby the number of units declines with use in a known amount.

b. The definition of "prepared food" would include references to bowls, in addition to other types of utensils, glasses, or cups which are currently included in the definition.

c. "Prosthetic device" would mean a replacement, corrective, or supportive device, including the repair parts and replacement parts for the device, that is placed in or worn on the body to artificially replace a missing portion of the body; to prevent or correct a physical deformity or malfunction; or to support a weak or deformed portion of the body. Current law refers to a "device", not specifically a "replacement, corrective, or supportive device."

d. "Place of primary use" under the sourcing statutes would mean the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, "place of primary use" would mean a street address within the licensed service area of the home service provider. Under current law, "place of primary use" means a place of primary use, as determined under federal law.

e. Current law generally provides a credit against the use tax for the amount of sales tax paid to another state, except that no credit may be applied against and deducted from a sales tax paid on the purchase of direct mail, if the direct mail purchaser did not provide to the seller a direct pay permit, an exemption certificate claiming direct mail, or other information that indicates the appropriate taxing jurisdiction to which the direct mail is delivered to the ultimate recipients. The bill would replace references to "direct mail" with references to "advertising and promotional direct mail" under this statute. As a result, "other direct mail", which generally includes all mail delivered through a delivery service to a mass audience or to addresses on a mailing list, for which the primary purpose of the mailing is not to attract public attention to a product, person, business, or organization, or to attempt to sell, popularize, or secure financial support for a person, business, or organization, would be eligible for a credit against the use tax for the amount of sales tax paid to another state.

f. Current law generally exempts medicines, semen for artificial insemination, fuel, and electricity generally used in raising animals sold to a biotechnology business, an institution of higher education, or a governmental unit for use in qualified research or manufacturing. The bill would refer to "drugs" under this statute instead of "medicines."

According to DOR, the changes would enable the state to remain in compliance with provisions of the Streamlined Sales and Use Tax Agreement, provide consistent references to defined terms in the statutes, and have a minimal fiscal effect.

[Act 20 Sections: 1476 thru 1478, 1480, 1487, 1488, and 1495]

11. SALES AND USE TAX EXEMPTIONS FOR THE PRINTING INDUSTRY

GPR-Tax	- \$2,300,000
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Joint Finance/Legislature: Create the following exemptions from the state sales and use tax for purchases by a person primarily engaged in: (a) commercial printing (except screen printing and books printing) without publishing (except grey goods printing); (b) printing or printing and binding books and pamphlets without publishing; or (c) performing prepress and postpress services in support of printing activities.

a. Purchase of computers and servers that are used to store copies of the product that is sent to a printing press.

b. Purchases from out-of-state sellers of items that are temporarily stored, remain idle, and are not used in this state for not more than six months and are then delivered and used outside this state.

Specify that these exemptions take effect on the first day of the third month beginning after publication of the budget bill. Assuming an effective date of October 1, 2013, it is estimated that these exemptions would reduce sales and use tax revenues by \$1,000,000 in 2013-14 and by \$1,300,000 in 2014-15.

[Act 20 Sections: 1497d and 9437(8e)]

12. SALES AND USE TAX EXEMPTION FOR SELF-SERVICE LAUNDRY MACHINES

Joint Finance/Legislature: Expand the current law exemption from the state sales and use tax to include all services performed by the customer when using any self-service laundry, dry cleaning, pressing, or dyeing machine, rather than only coin-operated self-service machines. Specify that this provision takes effect on the first day of the third month beginning after publication of the budget bill.

Under current law, services are generally exempt from the state sales and use tax unless specified as taxable in statute. Current law generally imposes the tax on laundry, dry cleaning, pressing, and dyeing services, with certain exemptions. One of the current law exemptions is for coin-operated, self-service machine services performed by the customer. Current law does not provide an exemption for other types of self-service machines, such as those that are activated by tokens or magnetic cards. This provision would expand the current law exemption to include these other types of self-service machines, and is expected to reduce sales and use tax revenues by a minimal amount.

[Act 20 Sections: 1484d and 9437(1i)]

Other Taxes

1. ROLL-YOUR-OWN CIGARETTES -- DEFINITION OF MANUFACTURER [LFB Paper 300]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Tax	\$2,800,000	-\$200,000	\$2,600,000

Governor: Modify the definition of a "manufacturer" under laws governing cigarette taxes to include a person who owns an automated roll-your-own (RYO) machine that is used to make cigarettes, but does not include an individual who owns an RYO machine and uses the machine in his or her home solely to make cigarettes for his or her personal use or for the use of other individuals who live in his or her home. Specify that a similar modification would also apply to the definition of "manufacturer" for laws governing fire safety performance standards for cigarettes and the definition of "tobacco product manufacturer" under laws governing the tobacco master settlement agreement. These provisions would take effect on the first day of the third month beginning after publication of the bill.

As a result of these modifications, a person operating such automated RYO machines for non-personal use would be subject to the state cigarette tax (generally \$2.52 per pack of 20 cigarettes) rather than the tax on tobacco products (71% of the manufacturer's list price). The administration estimates that the requested modifications would increase state tax collections by \$1,400,000 in 2013-14 and 2014-15.

Joint Finance/Legislature: Reduce the estimated increase in cigarette tax revenue by \$200,000 in 2013-14. The administration's estimated fiscal effect did not account for the delayed effective date of the provision. Assuming an effective date of September 1, 2013, this provision is reestimated to increase tax revenues by \$1,200,000 in 2013-14 and \$1,400,000 in 2014-15.

[Act 20 Sections: 1897, 1948, 2363, and 9437(8)]

2. CIGARETTE TAX STAMP STUDY

Governor: Require DOR to study the feasibility of using pressure applied stamps on cigarette packages to indicate that the cigarette tax has been paid. Require the Department to submit its findings to the Governor no later than June 30, 2014.

Joint Finance/Legislature: Delete provision. Instead, require DOR to study options for improvements to the cigarette tax collection system. Specify that DOR must: (a) evaluate statutory options to combat illegal cigarette trafficking; (b) identify potential uses of information or stamp technology to prevent illegal cigarette trafficking and assess the costs and benefits of using such technology; and (c) develop a set of policy and legislative recommendations to enhance the state's efforts to combat the practice of illegal cigarette trafficking. Require DOR to seek the participation of interested parties, including cigarette manufacturers, technology providers, wholesalers, and retailers, when preparing the study. Require DOR to submit its findings to the Governor no later than June 30, 2014.

[Act 20 Section: 9137(1L)]

3. CIGARETTE AND TOBACCO PRODUCTS TAX REFUNDS

GPR	-\$7,100,000
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Governor/Legislature: Reduce funding for cigarette and tobacco products tax refunds by \$3,200,000 in 2013-14 and \$3,900,000 in 2014-15 to reflect lower estimates of the sum sufficient appropriation amounts required to reimburse Native American tribes under present law. With

these adjustments, estimated total funding in the cigarette and tobacco products tax refunds appropriation would decrease to \$35,100,000 in 2013-14 and \$34,400,000 in 2014-15. Under current law, for sales that occur on reservations or trust lands, the tribes receive a refund of 100% of the excise tax on cigarettes sold to Native Americans and 70% of the tax on sales to non-Native Americans. For tobacco products sold on reservations or trust lands, the tribes receive a refund of 100% of the tax on products sold to tribal members and 50% of the tax on products sold to non-Native Americans.

4. REPEAL THE GRAIN STORAGE TAX

Joint Finance/Legislature: Eliminate the occupational tax on grain storage, which is imposed upon commercial operators of grain warehouses and elevators in lieu of property taxes on the grain. Specify that the tax is repealed effective for taxes due in January, 2014, based on grain handled during calendar year 2012.

All proceeds from the grain storage tax, under current law, accrue to the municipality in which the tax is collected. The tax is imposed at a rate of ½ mill per bushel of wheat or flax handled or stored annually and ¼ mill per bushel of other grain. [One mill is one-tenth of one cent.] In 2011-12, grain storage taxes were received by 67 municipalities in this state and totaled approximately \$123,000. The provision would not have a fiscal impact on the state; however, municipalities that are currently collecting grain storage tax revenues would no longer be able to collect the tax.

[Act 20 Sections: 1287b and 9337(3L)]

5. SUNSET THE ESTATE TAX

Joint Finance/Legislature: Sunset the state estate tax statutes for deaths occurring after December 31, 2012. Specify that these statutes would again take effect if federal law is modified to provide a credit for state death taxes.

[Act 20 Section: 1453f]

GENERAL PROVISIONS

1. LOCAL GOVERNMENT EMPLOYEE RESIDENCY REQUIREMENTS [LFB Paper 554]

Governor: Prohibit any city, village, town, county, or school district from requiring that any employee or prospective employee, as a condition of employment, reside within any jurisdictional limit. Specify that this prohibition would not affect any other statutory provision that requires residency within the jurisdictional limits of such local units of government or any provision of law that requires residency within the state. Provide that any such residency requirement in effect on the effective date of the bill would not apply and may not be enforced. Specify that the Legislature finds that public employee residency requirements are a matter of statewide concern.

The term "any jurisdictional limit" is not defined under the proposed limitation. A broad interpretation of this term could mean that local governments could not put in place any requirement relating to where a local public employee or potential employee must reside, including any requirement limiting how far local first responders are allowed to live from their employment stations or from the local government's boundaries.

Make the following specific statutory changes to local residency requirements:

- a. specify that a residency requirement could no longer be used as a means to make a local public appointive office vacant in cases where the incumbent employee ceases to be a resident of the county, city, village, town, district or area within which the duties of the office are required to be discharged;
- b. repeal the requirement that each deputy sheriff appointed by a county sheriff for any city, village, or assembly district with 1,000 or more inhabitants must reside in the city, village, or assembly district for which the deputy is appointed;
- c. prohibit town boards from including residency as a qualification or term of employment for temporary or permanent employees needed to carry out the functions of the town government, including any elected officer of a town serving as a town employee;
- d. delete any residency limitation as part of the examination requirements for applicants for police or fire subordinate positions appointed by a city's police or fire chief, or if applicable, the chief of a combined protective services department;
- e. delete any residency limitation as part of the examination requirements for applicants for appointment to the police or fire department of a first class city;
- f. repeal the requirement that any person appointed to a public office by the mayor of a first class city may not serve more than 180 days after his or her confirmation unless he or she resides within the boundaries of the city by which he or she is employed;

g. prohibit county civil service commissions from requiring of any applicant any period of residency in the county for entrance to an examination or employment in the county; and

h. delete the authority of the board of city service commissioners of a first class city to include any residency limitations when establishing rules for competitive or other examinations.

Joint Finance: Modify the Governor's recommendation to allow a local unit of government to do the following: (a) to establish a requirement that law enforcement, fire, or emergency personnel of the local government must reside within 15 miles of the jurisdictional boundaries of the local government; and (b) if the local unit of government is a county, to establish a requirement that law enforcement, fire, or emergency personnel must reside within 15 miles of the jurisdictional boundaries of the municipality to which they are assigned.

Assembly/Legislature: Specify that the limitations on local government residency requirements would not apply to any provision of local law requiring residency in the state. In addition, specify that the allowed local government residency requirements could not apply to any volunteer law enforcement, fire, or emergency personnel who are employees of a local unit of government.

[Act 20 Sections: 193, 1239, 1251, 1258, 1262 thru 1265, and 1270]

2. LAND OWNERSHIP BY NONRESIDENT ALIENS AND CORPORATIONS

Governor: Repeal statutory provisions prohibiting certain ownership of land by aliens that are not residents of the United States, as well as certain foreign-based corporations.

Under current law, beginning with interests in land acquired July 1, 1982, or later, the following entities are prohibited from acquiring, owning or holding an interest in more than 640 acres of land in Wisconsin: (a) aliens not residents of a state of the United States; (b) corporations not created under U.S. federal or state law; (c) corporations, limited liability companies, partnerships or associations with more than 20% of the entity's ownership residing with nonresident aliens or foreign corporations; and (d) trusts with more than 20% of assets held for the benefit of nonresident aliens or foreign corporations. Exceptions are provided for: (a) citizens, foreign governments or subjects of a foreign government whose rights to hold larger quantities of land are secured by treaty; (b) railroad or pipeline corporations; (c) an exploration mining lease, and land used for mining and associated activities; (d) manufacturing activities; (e) most commercial activities; and (f) exploration for oil, gas, coal and shale. Inheritances by nonresident aliens or foreign corporations also are allowed, provided the recipient divests lands exceeding 640 acres within a four-year period of being subject to the limitations. Further, land in excess of 640 acres acquired by a nonexempt alien or corporation, but for an exempt activity, may be used for forestry or agricultural purposes pending conversion to an exempt use. However, the land must not be used directly or indirectly by a nonresident alien or foreign corporate owner for such purposes. Rather, such temporary forestry or agricultural uses must be done under a lease to an entity not otherwise restricted from land ownership. These provisions would be repealed under the bill.

Foreign persons and corporations required to report to the U.S. Department of Agriculture any acquisition or transfer of agricultural land under the federal Agricultural Foreign Investment Disclosure Act also must submit the report to the DATCP Secretary, along with information describing the parcels, the state exemption under which the possession of the land is allowed, and the timetable in which lands would be converted to an allowed use, if not so used at the time. Persons failing to report as required are subject to forfeitures of not less than \$500 nor more than \$5,000. Also, lands held in violation of the statutory provisions are subject to being forfeited to the state, and the statutes authorize the Attorney General to enforce the provisions. The bill also would repeal these provisions.

Further, the bill would specify that title to lands shall not be questioned or affected by reason of the alienage of a transferring party, if lands were authorized to be held by nonresident aliens or foreign corporations and conveyed before the bill's effective date.

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

3. CONDUIT REVENUE BOND COMMISSION (PUBLIC FINANCE AUTHORITY)

Governor: Modify current general municipal law relating to intergovernmental cooperation--conduit revenue bonds, under which the Public Finance Authority (PFA) was created, as follows:

- a. Modify the definition of bond to include obligations acquired, as well as the current law provisions specifying obligations issued or entered into by a commission (PFA);
- b. Clarify that PFA could purchase bonds issued by or on behalf of, or held by any state, rather than just the state of Wisconsin; and
- c. Provide that a project may be located outside of the United States or outside a territory of the United States if the borrower, including a co-borrower, of proceeds of bonds issued to finance or refinance the project in whole or in part, is incorporated and has its principal place of business in the United States or a territory of the United States. Specify that to the extent this provision applies to a borrower, it also applies to a participant if the participant is a nongovernmental entity.

Assembly/Legislature: Delete the references to a commission from the definition of bond under the statutes governing the PFA, so that bond would mean any bond, note, or other obligation issued, or entered into, or acquired.

[Act 20 Sections: 1266 thru 1268]

4. ELIMINATE WHEDA APPROVAL OF PFA BONDING FOR HOUSING OR ECONOMIC DEVELOPMENT PROJECTS IN WISCONSIN

Governor/Legislature: Delete a current requirement that the Public Finance Authority receive written approval from the Wisconsin Housing and Economic Development Authority

(WHEDA) before issuing bonds to fund any economic development project or housing project as defined under the statutes governing WHEDA.

[Act 20 Section: 1269]

5. COMMERCIAL AND NON-COMMERCIAL RADIO BROADCAST FACILITIES

Joint Finance/Legislature: Specify that if a city, village, town, or county enacts an ordinance, adopts a resolution, or takes any other action on or after May 1, 2013, that affects the placement, construction, or modification of radio broadcast service facilities, the ordinance, resolution, or other action may not take effect unless all of the following would apply: (a) the ordinance, resolution, or other action has a reasonable and clearly defined public health or safety objective and represents the minimum practical regulation that is necessary to accomplish that objective; (b) the ordinance, resolution, or other action reasonably accommodates radio broadcast services and does not prohibit or have the effect of prohibiting the provision of such services in that jurisdiction; and (c) if the town or city has in effect an ordinance or resolution that is inconsistent with the requirements under (a) and (b), then the existing ordinance or resolution does not apply, and may not be enforced, to the extent that it is inconsistent with those requirements. Provide that any decision by the city, village, town, or county to deny a request to place, construct, or modify a radio broadcast service facility would have to be in writing, based solely on public health or safety objectives, and provide substantial written evidence which supports the reasons for that action.

Specify that radio broadcast services would mean the regular provision of commercial or noncommercial service involving the transmission, emission, or reception of radio waves for the transmission of sound or images in which the transmissions are intended for direct reception by the general public. Radio broadcast service facilities would mean commercial or noncommercial facilities, including antennas and antenna support structures, intended for the provision of radio broadcast services.

Provide that these provisions would apply, retroactively, to an ordinance, resolution, or other action that takes effect, or is in effect, on May 1, 2013.

[Act 20 Section: 1269k and 9329(3w)]

6. DESIGNATION OF STATE PASTRY

Joint Finance/Legislature: Designate the Kringle as the official state pastry and include this information in the Wisconsin Blue Book.

[Act 20 Sections: 1b and 1c]

7. MODIFY PRODUCT LIABILITY LAW RELATED TO LEAD PAINT

Joint Finance/Legislature: Modify product liability law as follows:

a. Create a "Legislative Findings and Intent" section which states: "The legislature finds that it is in the public interest to clarify product liability law, generally, and the application of the risk contribution theory of liability first announced by the Wisconsin Supreme Court in *Collins v. Eli Lilly Company*, 116 Wis. 2d 166 (1984), specifically, in order to return tort law to its historical, common law roots. This return both protects the rights of citizens to pursue legitimate and timely claims of injury resulting from defective products, and assures that businesses may conduct activities in this state without fear of being sued for indefinite claims of harm from products which businesses may never have manufactured, distributed, sold, or promoted, or which were made and sold decades ago. The legislature finds that the application of risk contribution to former white lead carbonate manufactures in *Thomas v. Mallett*, 285 Wis. 2d 236 (2005), was an improperly expansive application of risk contribution theory of liability announced in *Collins*, and that application raised substantial questions of deprivation of due process, equal protection, and right to jury trial under the federal and Wisconsin constitutions. The legislature finds that this section protects the right to a remedy found in article I, section 9, of the Wisconsin Constitution, by preserving the narrow and limited application of the risk contribution theory of liability announced in *Collins*."

b. Modify the "Applicability" section to specify that the provision applies to all actions "whenever filed or accrued."

c. Specify that the new sections first apply to actions or special proceedings pending on or commenced after the effective date of the section.

The provision affects certain portions of 2011 Wisconsin Act 2, which made various changes to Wisconsin's product liability law. Among other changes, the Act modified the authority of Wisconsin courts to apply the risk-contribution theory of liability. Risk-contribution liability allows a claimant who has been harmed by a substance to recover from a manufacturer of that substance even though the claimant is unable to prove with certainty that the particular manufacturer made the substance that caused the claimant's injuries. The Wisconsin Supreme Court first applied this theory in *Collins v. Eli Lilly Co.*, 116 Wis. 2d 166 (1984), to manufacturers of Diethylstilbestrol (DES), a drug often prescribed to pregnant women to prevent miscarriage. The court then extended this theory to lead pigment manufacturers in *Thomas v. Mallett*, 2005 WI 129.

Current law, as affected by Act 2, requires a claimant in a product liability action to prove that a manufacturer, distributor, seller, or promoter of a product manufactured, distributed, sold, or promoted the specific product alleged to have caused the claimant's injury or harm. If the claimant cannot prove this, the Act specifies the circumstances under which a claimant may recover from a manufacturer, distributor, seller, or promoter that manufactured, distributed, sold, or promoted a chemically and physically identical product during the period, and in the geographic area, of the claimant's injury. The Act places limitations on liability and specifies the apportionment of liability in these product liability actions.

The provision would leave the *Collins* interpretation of risk-contribution liability generally intact, but remove the Wisconsin Supreme Court's holding regarding risk-contribution liability in

Thomas. The Act's provisions affecting risk-contribution liability first applied to claims filed on the Act's effective date, which was February 1, 2011.

[Act 20 Sections: 2318e thru 2318g, and 9307(4q)]

8. MOBILE TOWER SITING REGULATIONS

Joint Finance/Legislature: Limit the zoning authority of counties and municipalities by creating a standardized regulatory framework pertaining to any facilities and support structures for providing wireless telecommunications service. Create two separate regulatory frameworks -- one for new structures and class 1 collocations and one for class 2 collocations. Define class 1 collocation as the placement of a new mobile service facility on an existing support structure such that the owner of the facility does not need to construct a free standing support structure for the facility but does need to engage in substantial modification. Define class 2 collocation as the placement of a new mobile service facility on an existing support structure such that the owner of the facility does not need to construct a free standing support structure for the facility or engage in substantial modification. Define mobile service facility as the set of equipment and network components, including antennas, transmitters, receivers, base stations, power supplies, cabling, and associated equipment, that is necessary to provide mobile service to a discrete geographic area, but does not include the underlying support structure, and define mobile service provider as a person who provides mobile service as defined under federal law. Define support structure as an existing or new structure that supports or can support a mobile service facility, including a mobile service support structure, utility pole, water tower, building, or other structure, and define utility pole as a structure owned or operated by an alternative telecommunications utility, public utility, telecommunications utility, county, municipality, or cooperative association, all as defined under current law or under the proposal, and that is designed specifically for and used to carry lines, cables, or wires for telecommunications service, video service, or for electricity or to provide light. Define antenna as communications equipment that transmits and receives electromagnetic radio signals and is used in the provision of mobile services.

New Structures and Class 1 Collocations. Specify that a county or municipality may regulate the following only as provided in this proposal and that if a county or municipality has an existing ordinance that applies to the activities described in this proposal and if the ordinance is inconsistent with this proposal, the ordinance shall not apply to, and may not be enforced. Authorize counties and municipalities to regulate through their zoning powers the siting and construction of new mobile service support structures and facilities and the substantial modification of existing support structures and facilities that are class 1 collocations. Require a county or municipality adopting a regulation to prescribe an application process and specify that applications shall be in writing and shall contain: (a) the name and business address of, and the contact individual for, the applicant; (b) the location of the proposed or affected support structure; (c) the location of the proposed mobile service facility; (d) if the application is to substantially modify an existing support structure, a construction plan which describes the proposed modifications to the support structure and the equipment and network components, including antennas, transmitters, receivers, base stations, power supplies, cabling, and related equipment associated with the proposed modifications; (e) if the application is to construct a new

mobile service support structure, a construction plan which describes the proposed mobile service support structure and the equipment and network components, including antennas, transmitters, receivers, base stations, power supplies, cabling, and related equipment to be placed on or around the new mobile service support structure; and (f) if an application is to construct a new mobile service support structure, an explanation as to why the applicant chose the proposed location and why the applicant did not choose collocation, including a sworn statement from an individual who has responsibility over the placement of the mobile service support structure attesting that collocation within the applicant's search ring either:

- would not result in the same mobile service functionality, coverage, and capacity;
- is technically infeasible; or
- is economically burdensome to the mobile service provider.

Define application as an application for a permit under this proposal and define permit as a permit, other than a building permit, or approval issued by county or municipality which authorizes a class 1 collocation, a class 2 collocation, or the construction of a mobile service support structure. Define building permit as a permit issued by a county or municipality that authorizes an applicant to conduct construction activity that is consistent with the building code of the county or municipality. Define mobile service support structure as a freestanding structure that is designed to support a mobile service facility.

Require the county or municipality to consider the application as complete if an applicant submits an application which contains all of the information required above. If the county or municipality does not believe that the application is complete, require the county or municipality to notify the applicant in writing, within ten days of receiving the application, that the application is not complete. Require the written notification to specify in detail the required information that was incomplete. Allow an applicant to resubmit an application as often as necessary until it is complete. Within 90 days of the receipt of a complete application, require a county or municipality to complete all of the following: (a) review the application to determine whether it complies with all applicable aspects of the county or municipal building code and zoning ordinances; (b) make a final decision whether to approve or disapprove the application; (c) notify the applicant, in writing, of its final decision; and (d) if the decision is to disapprove the application, include with the written notification substantial evidence supporting the decision. Specify that if a county or municipality fails to meet this requirement, the applicant may consider the application approved. Authorize the applicant and the county or municipality to agree in writing to an extension of the 90-day period. Authorize counties and municipalities to disapprove an application if an applicant refuses to evaluate the feasibility of collocation within the applicant's search ring and the applicant refuses to provide the sworn statement described above. Define search ring as a shape drawn on a map to indicate the general area within which a mobile service support structure should be located to meet radio frequency engineering requirements, taking into account other factors including topography and the demographics of the service area. Authorize a party who is aggrieved by the final decision of a county or municipality to bring an action in the circuit court of the county where the proposed activity, which is the subject of the application, is to be located. If an applicant provides a county or municipality with an engineering certification showing that a mobile service support structure, or an existing structure, is designed to collapse within a smaller area than the set back or fall zone area required in a

zoning ordinance, specify that the zoning ordinance does not apply to the structure unless the county or municipality provides the applicant with substantial evidence that the engineering certification is flawed.

Class 2 Collocations. Specify that a class 2 collocation is a permitted use under current law provisions granting counties and municipalities zoning authority and specify that if a county or municipality already has an ordinance in effect that applies to a class 2 collocation and the ordinance is inconsistent with this proposal, the ordinance does not apply to, and may not be enforced against, the class 2 collocation. Authorize counties and municipalities to regulate a class 2 collocation only as provided in this proposal. Specify that a class 2 collocation is subject to the same requirements for the issuance of a building permit to which any other type of commercial development or land use development is subject. Specify that an application for a permit to engage in a class 2 collocation shall contain: (a) the name and business address of, and the contact individual for, the applicant; (b) the location of the proposed or affected support structure; and (c) the location of the proposed mobile service facility. Require a county or municipality receiving an application containing that information to consider the application complete and to notify the applicant in writing, within five days of receiving the application, that the application is not complete, if any of the required information is not in the application. Require the written notification to specify in detail the required information that was incomplete, and allow an applicant to resubmit an application as often as necessary until it is complete. Within 45 days of its receipt of a complete application, require a county or municipality to complete all of the following: (a) make a final decision whether to approve or disapprove the application; (b) notify the applicant, in writing, of its final decision; (c) issue the applicant the relevant permit if the application is approved; and (d) include with the written notification substantial evidence which supports the decision, if the decision is to disapprove the application. Specify that the applicant may consider the application approved if the county or municipality does not meet these requirements, except provide that the applicant and the political subdivision may agree in writing to an extension of the 45-day period. Authorize a party who is aggrieved by the final decision of a county or municipality to bring an action in the circuit court of the county where the proposed activity, which is the subject of the application, is to be located.

Limitations. With regard to the siting and construction or, for class 1 collocations, the substantial modification, of facilities and support structures, or class 2 collocations, prohibit a county or municipality from doing any of the following: (a) impose environmental testing, sampling, or monitoring requirements, or other compliance measures for radio frequency emissions, on mobile service facilities or mobile radio service providers; (b) enact an ordinance imposing a moratorium on the permitting, construction, or approval of any such activities; (c) enact an ordinance prohibiting the placement of a mobile service support structure in particular locations within the county or municipality; (d) charge a mobile radio service provider any recurring fee for an activity described in this proposal; (e) permit third party consultants to charge the applicant for any travel expenses incurred in the consultant's review of mobile service permits or applications; (f) disapprove an application to conduct an activity described under this proposal regarding new structures and class 1 collocations based solely on aesthetic concerns; (g) disapprove an application to conduct a class 2 collocation on aesthetic concerns; (h) enact or enforce an ordinance related to radio frequency signal strength or the adequacy of mobile service quality; (i) impose a surety requirement, unless the requirement is competitively neutral,

nondiscriminatory, and commensurate with the historical record for surety requirements for other facilities and structures in the county or municipality which fall into disuse, but specify that there is a rebuttable presumption that a surety requirement of \$20,000 or less complies with this provision; (j) prohibit the placement of emergency power systems; (k) require that a mobile service support structure be placed on property owned by the county or municipality; (l) disapprove an application based solely on the height of the mobile service support structure or on whether the structure requires lighting; (m) condition approval of such activities on the agreement of the structure or mobile service facility owner to provide space on or near the structure for the use of or by the county or municipality at less than the market rate, or to provide the county or municipality other services via the structure or facilities at less than the market rate; (n) limit the duration of any permit that is granted; (o) require an applicant to construct a distributed antenna system, defined as a network of spatially separated antenna nodes that is connected to a common source via a transport medium and that provides mobile service within a geographic area or structure, instead of either constructing a new mobile service support structure or engaging in collocation; (p) disapprove an application based on an assessment by the county or municipality of the suitability of other locations for conducting the activity; (q) require that a mobile service support structure, existing structure, or mobile service facilities have or be connected to backup battery power; (r) impose a setback or fall zone requirement for a mobile service support structure that is different from a requirement that is imposed on other types of commercial structures; (s) consider an activity a substantial modification as defined under this proposal if a greater height is necessary to avoid interference with an existing antenna; (t) consider an activity a substantial modification as defined under this proposal if a greater protrusion is necessary to shelter the antenna from inclement weather or to connect the antenna to the existing structure by cable; (u) limit the height of a mobile service support structure to under 200 feet; (v) condition the approval of an application on, or otherwise require, the applicant's agreement to indemnify or insure the county or municipality in connection with the exercise of that government's authority to approve the application; or (w) condition the approval of an application on, or otherwise require, the applicant's agreement to permit the county or municipality to place at or collocate with the applicant's support structure any mobile service facilities provided or operated by, whether in whole or in part, a county or municipality or an entity in which a county or municipality has a governance, competitive, economic, financial or other interest.

Define substantial modification as the modification of a mobile service support structure, including the mounting of an antenna on such a structure, that does any of the following: (a) for structures with an overall height of 200 feet or less, increases the overall height of the structure by more than 20 feet; (b) for structures with an overall height of more than 200 feet, increases the overall height of the structure by 10% or more; (c) measured at the level of the appurtenance added to the structure as a result of the modification, increases the width of the support structure by 20 feet or more, unless a larger area is necessary for collocation; or (d) increases the square footage of an existing equipment compound to a total area of more than 2,500 square feet. Define equipment compound as an area surrounding or adjacent to the base of an existing support structure within which is located mobile service facilities. Define existing structure as a support structure that exists at the time a request for permission to place mobile service facilities on a support structure is filed with a county or municipality. Define fall zone as the area over which a

mobile support structure is designed to collapse. Prohibit a county or municipality from charging a mobile radio service provider a fee in excess of: (a) the lesser of \$500 or the amount charged by a county or municipality for a building permit for any other type of commercial development or land use development if the permit is for a class 2 collocation; or (b) \$3,000 if the permit is for the siting and construction of a new mobile service support structure and facilities or a class 1 collocation.

Specify that if a county enacts an ordinance under this proposal that pertains to new structures and class 1 collocations, the ordinance applies only in the unincorporated parts of the county, except that if a town enacts an ordinance under this proposal that pertains to new structures and class 1 collocations after a county has so acted, the county ordinance does not apply, and may not be enforced, in the town, except that if the town later repeals its ordinance, the county ordinance applies in that town.

Specify that these provisions would first apply to an application filed with a county or municipality on the bill's general effective date.

[Act 20 Sections: 1269i and 9329(1u)]

9. PROHIBIT LOCAL GOVERNMENTS FROM LIMITING THE SALE OF CERTAIN FOOD AND BEVERAGES

Joint Finance/Legislature: Prohibit a county or municipality from enacting an ordinance or adopting a resolution that prohibits or restricts the sale of food or nonalcoholic beverages based on the number of calories, portion size, or other nutritional criteria of the food or nonalcoholic beverage. Specify that if a county or municipality already has adopted an ordinance or resolution that is inconsistent with this prohibition, then the ordinance or resolution does not apply and may not be enforced. Specify that these provisions would first apply on the bill's general effective date.

[Act 20 Section: 1269m]

10. APPEALS OF MUNICIPAL FEES

Joint Finance/Legislature: Specify that any person aggrieved by a fee imposed by a municipality or county because the person does not believe that the fee bears a reasonable relationship to the service for which the fee is imposed may appeal the reasonableness of the fee to the Tax Appeals Commission (TAC) by filing a petition with the TAC within 60 days of the fee's imposition. Specify that the municipality or county bears the burden of proof in establishing that a reasonable relationship exists between the fee and the service for which the fee is imposed. Define "reasonable relationship" to mean that the cost charged for the service to the person does not exceed the reasonable direct costs associated with any activity related to the fee. Specify that these provisions would first apply to fees imposed on the bill's general effective date.

[Act 20 Sections: 1277e thru 1277eg and 9329(3u)]

11. REAL ESTATE BROKERS

Assembly/Legislature: Prohibit a local governmental unit from enacting an ordinance or adopting a resolution that does any of the following: (a) in relation to the provision of real estate services, imposes any fees on brokers or on real estate brokerage services; or (b) imposes any regulations on the professional services provided by a broker or by a person who provides real estate brokerage services. If, on the effective date of the bill, a local governmental unit has an ordinance or resolution in place that is inconsistent with this provision, that ordinance or resolution would not apply and would not be enforceable.

[Act 20 Section: 1269L]

GOVERNMENT ACCOUNTABILITY BOARD

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$5,329,400	\$5,645,300	\$5,184,500	\$5,184,500	\$5,184,500	-\$144,900	- 2.7%
FED	6,743,800	6,862,900	6,862,900	6,862,900	6,862,900	119,100	1.8
PR	1,093,000	1,021,600	1,021,600	1,021,600	1,021,600	- 71,400	- 6.5
SEG	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,166,400	\$13,530,000	\$13,069,200	\$13,069,200	\$13,069,200	-\$97,200	- 0.7%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	19.30	19.30	19.30	19.30	19.30	0.00
FED	31.00	26.00	26.00	26.00	26.00	- 5.00
PR	<u>3.45</u>	<u>3.45</u>	<u>3.45</u>	<u>3.45</u>	<u>3.45</u>	<u>0.00</u>
TOTAL	53.75	48.75	48.75	48.75	48.75	- 5.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments totaling \$307,200 GPR, \$226,200 FED, and -\$36,000 PR in 2013-14, and \$314,900 GPR, -\$107,100 FED and -5.0 FED positions, and -\$35,400 PR in 2014-15. Adjustments are for: (a) removal of noncontinuing elements from the base (-\$800,000 FED in 2013-14, and -\$1,136,000 FED and -5.0 FED positions in 2014-15); (b) full funding of continuing salaries and fringe benefits (\$190,900 GPR, \$1,079,500 FED, and -\$4,600 PR annually); (c) reclassifications and semiautomatic pay progression (\$15,400 GPR in 2013-14, and \$20,300 GPR in 2014-15); and (d) full funding of lease costs and directed moves (\$100,900 GPR, -\$53,300 FED, and -\$31,400 PR in 2013-14, and \$103,700 GPR, -\$50,600 FED, and -\$30,800 PR in 2014-15).

	Funding	Positions
GPR	\$622,100	0.00
FED	119,100	- 5.00
PR	<u>- 71,400</u>	<u>0.00</u>
Total	\$669,800	- 5.00

2. GPR EXPENDITURE REDUCTIONS

GPR	- \$306,200
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Governor/Legislature: Delete \$153,100 annually in supplies and services funding from the Board's GPR biennial general program operations appropriation to permanently implement the lapse requirements of 2011 Act 32.

3. EXTEND VOTER IDENTIFICATION PROJECT POSITIONS [LFB Paper 310]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	- \$460,800	- \$460,800

Governor: Extend 5.0 two-year GPR project positions and associated funding that was originally provided on a one-time basis to the Board, for an additional two years to implement the voter identification provisions under 2011 Act 23. Under the bill, funding for these positions would be provided as follows: (a) \$165,700 annually for project position salaries; and (b) \$64,700 annually for fringe benefit costs. [Note: As these two-year project positions and the associated funding were provided on a one-time basis to implement the voter identification requirements of Act 23 during the 2011-13 biennium, the project positions and the associated funding should have been removed from the Board's budget as noncontinuing elements as a standard budget adjustment. As this was not done, the additional funding and position authority for these project positions are already included in the base.]

The provisions of 2011 Act 23 generally require photo identification in order to vote and make other election administration changes. In March and July of 2012, two separate Circuit Court actions granted permanent injunctions against enforcement of the photo identification requirements of Act 23. The courts found the photo identification requirements to violate Article III of the Wisconsin Constitution.

Joint Finance/Legislature: Approve the extension of the 5.0 two-year GPR project positions for an additional two years to implement the voter identification provisions under 2011 Act 23. Delete \$230,400 GPR annually in base resources from the Board's GPR biennial general program operations appropriation that was provided to the Board to fund these positions. Instead, provide \$230,400 GPR annually to the Joint Committee on Finance's GPR supplemental appropriation. If the courts lift the permanent injunctions against the enforcement of the Act 23 photo identification provisions during 2013-15, the Board could file a s. 13.10 request to seek release of the funding in order to fill the 5.0 project positions to assist in the implementation of 2011 Act 23.

4. AUDIT OF GOVERNMENT ACCOUNTABILITY BOARD

Joint Finance/Legislature: Request that the Joint Legislative Audit Committee direct the Legislative Audit Bureau (LAB) to conduct a performance evaluation audit of the Board which would be required to include: (a) an evaluation of the Board's election day processes and

practices; (b) a review of the complaints received by the Board concerning voting irregularities and an assessment of the Board's procedures for investigating and resolving the complaints; (c) a complete review of the statewide voter registration system, including system processes and the accuracy of the data included in the system; and (d) a review of the instruction and training the Board provides to local election officials.

[Act 20 Section: 9115(1d)]

GOVERNOR

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$8,871,600	\$7,482,600	\$7,482,600	\$7,482,600	\$7,482,600	- \$1,389,000	- 15.7%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	37.25	37.25	37.25	37.25	37.25	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$806,800
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Governor/Legislature: Provide adjustments to the base budget totaling -\$403,400 annually in the 2013-15 biennium. Adjustments are for: (a) full funding of continuing position salaries and fringe benefits (-\$399,100 annually); and (b) full funding of lease and directed moves costs (-\$4,300 annually).

2. PERMANENT GPR REDUCTIONS

GPR	- \$582,200
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Governor/Legislature: Provide a reduction of \$291,100 annually to implement the lapse provisions of 2011 Act 32 relating to reductions in base funding. The reduction is applied to the supplies and services funding in the Office's general program operations appropriation. Because this action would address the required reduction, the bill deletes the Act 32 nonstatutory provision requiring the Office to lapse \$582,200 in the 2013-15 biennium.

[Act 20 Section: 2364]

HEALTH SERVICES

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$5,649,021,200	\$6,412,143,400	\$6,499,787,100	\$6,499,787,100	\$6,499,787,100	\$850,765,900	15.1%
FED	9,726,383,400	10,180,935,700	10,294,545,400	10,294,545,400	10,294,545,400	568,162,000	5.8
PR	1,080,233,000	1,918,924,900	1,907,809,600	1,907,809,600	1,907,809,600	827,576,600	76.6
SEG	<u>1,637,469,400</u>	<u>1,630,774,300</u>	<u>1,619,863,000</u>	<u>1,619,863,000</u>	<u>1,619,863,000</u>	<u>- 17,606,400</u>	- 1.1
TOTAL	\$18,093,107,000	\$20,142,778,300	\$20,322,005,100	\$20,322,005,100	\$20,322,005,100	\$2,228,898,100	12.3%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	2,460.17	2,643.91	2,633.91	2,633.91	2,633.91	173.74
FED	1,137.56	1,244.29	1,233.79	1,233.79	1,233.79	96.23
PR	2,324.07	2,313.85	2,313.85	2,313.85	2,313.85	- 10.22
SEG	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>0.00</u>
TOTAL	5,923.80	6,204.05	6,183.55	6,183.55	6,183.55	259.75

Budget Change Items

Medical Assistance and Related Programs

1. OVERVIEW OF MA AND MA-RELATED PROGRAMS

This item presents an overview of the state's medical assistance (MA) program and related programs. Three tables are presented in this overview.

Table 1 summarizes the funding in Act 20 to support benefits under the MA and MA-related programs, other than SeniorCare, in the 2013-15 biennium by fiscal year and funding source. As indicated, the MA and MA-related programs are supported primarily by federal MA matching funds (FED) and general purpose revenues (GPR). MA benefits are also supported by three segregated funds (SEG) -- the hospital assessment trust fund, the critical access hospital

assessment fund, and the MA trust fund -- and by various program revenue (PR) sources.

The PR sources include rebates the MA program receives from drug manufacturers, contributions counties make to support Family Care, funds the University of Wisconsin transfers to DHS to support services provided to MA recipients at UW Hospital, premiums paid by some BadgerCare Plus recipients, and amounts the Department receives through its estate recovery and other recovery efforts. Prior to 2013-14, most of these PR sources were treated as offsets to MA benefit expenditures, rather than budgeted as program revenue. Beginning in 2013-14, these revenues will no longer be treated as offsets, but instead will be credited to, and expended from, a current PR appropriation. This new accounting treatment, particularly with respect to drug manufacturer rebates, is why Table 1 shows a large PR funding increase in the 2013-15 biennium, compared to base PR funding.

Table 2 shows actual and projected average monthly enrollment in the MA and MA-related programs by major eligibility groups. Individuals enrolled in Family Care and home- and community-based waiver programs are included in the "Elderly" and "Disabled" enrollment totals. Note that Table 2 understates the number of elderly individuals participating in MA because the Department's eligibility reports, to avoid duplication, classify some individuals who are both elderly and disabled as being only "Disabled." Table 2 reflects the projected impact of the bill's MA eligibility changes and MA enrollment impacts projected to occur beginning in January, 2014 as a result of implementation of provisions in the Patient Protection and Affordable Care Act (ACA).

Table 3 shows actual and projected revenues to and expenditures from the segregated MA trust fund.

TABLE 1

**Summary of Medicaid and BadgerCare Plus Benefits
Act 20**

	2013-14				
	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>Total</u>
Base Funding	\$2,015,761,200	\$4,267,830,700	\$134,479,900	\$676,423,300	\$7,094,495,100
Funding for Cost-to-Continue Increases	\$262,878,400	\$106,579,700	\$4,708,500	-\$7,921,800	\$366,244,800
Funding Changes to Reflect Proposed Program Changes					
BadgerCare Plus Eligibility Changes	\$9,147,000	-\$17,768,000	-\$13,860,000	\$0	-\$22,481,000
Third Party Liability and Subrogation	-256,700	-104,500	0	0	-361,200
MA Eligibility - Electronic Verification of Eligibility	-3,053,000	-4,397,000	0	0	-7,450,000
Certified Medical Coder Position	-512,300	-737,800	0	0	-1,250,100
Comprehensive Community Services	0	0	0	0	0
MA Coverage of In-Home Counseling Services	262,000	393,000	0	0	655,000
ICF-ID Bed Assessment	245,600	-552,100	0	-628,900	-935,400
Program Revenue Reestimates	0	0	39,000,000	0	39,000,000
Divestment Requirements and Procedures	-432,500	-648,800	0	0	-1,081,300
Estate Recovery Requirements and Procedures	-1,521,300	-2,888,500	4,409,800	0	0
MA Expenditure Reporting	0	4,000	405,682,600	0	405,686,600
Medical Residency Training Grant Program	750,000	0	0	0	750,000
DSH Payments to Hospitals	15,000,000	21,792,000	0	0	36,792,000
HIV/AIDS Medical Home	100,000	0	0	0	100,000
Sheboygan Tuberculosis Response Funding*	508,600	762,900	0	0	1,271,500
Subtotal	\$20,237,400	-\$4,144,800	\$435,232,400	-\$628,900	\$450,696,100
Total Funding for MA Benefits	\$2,298,877,000	\$4,370,265,600	\$574,420,800	\$667,872,600	\$7,911,436,000
Change to Base					
Amount	\$283,115,800	\$102,434,900	\$439,940,900	-\$8,550,700	\$816,940,900
Percent	14.1%	2.4%	327.1%	-1.3%	11.5%
	2014-15				
	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>Total</u>
Base Funding	\$2,015,761,200	\$4,267,830,700	\$134,479,900	\$676,423,300	\$7,094,495,100
Funding for Cost-to-Continue Increases	\$413,508,100	\$341,777,800	\$748,800	-\$7,886,000	\$748,148,700
Funding Changes to Reflect Proposed Program Changes					
BadgerCare Plus Eligibility Changes	\$39,964,900	\$33,398,400	-\$28,538,100	\$0	\$44,825,200
Third Party Liability and Subrogation	-3,102,700	-3,902,900	0	0	-7,005,600
MA Eligibility - Electronic Verification of Eligibility	-6,140,300	-8,759,700	0	0	-14,900,000
Certified Medical Coder Position	-1,024,500	-1,475,500	0	0	-2,500,000
Comprehensive Community Services*	10,202,000	6,499,900	0	0	16,701,900
MA Coverage of In-Home Counseling Services	262,000	393,000	0	0	655,000
ICF-ID Bed Assessment	601,700	-832,800	0	-1,185,600	-1,416,700
Program Revenue Reestimates	0	0	41,000,000	0	41,000,000
Divestment Requirements and Procedures	-432,500	-648,800	0	0	-1,081,300
Estate Recovery Requirements and Procedures	-2,128,200	-4,040,700	6,168,900	0	0
MA Expenditure Reporting	0	4,000	426,307,400	0	426,311,400
Medical Residency Training Grant Program	750,000	0	0	0	750,000
DSH Payments to Hospitals	15,000,000	21,728,700	0	0	36,728,700
HIV/AIDS Medical Home	100,000	0	0	0	100,000
Sheboygan Tuberculosis Response Funding*	421,800	632,600	0	0	1,054,400
Subtotal	\$54,474,200	\$42,996,200	\$444,938,200	-\$1,185,600	\$541,223,000
Total Funding for MA Benefits	\$2,483,743,500	\$4,652,604,700	\$580,166,900	\$667,351,700	\$8,383,866,800
Change to Base					
Amount	\$467,982,300	\$384,774,000	\$445,687,000	-\$9,071,600	\$1,289,371,700
Percent	23.2%	9.0%	331.4%	-1.3%	18.2%

* The GPR amounts for these items are budgeted in the Joint Finance Committee program supplements appropriation.

TABLE 2**Average Monthly Enrollment in MA and MA-Related Programs
Act 20**

	<u>Actual</u>			<u>Projected</u>		
	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Elderly	37,900	37,500	36,900	35,800	34,300	33,400
% Change from Prior Year	-0.4%	-1.1%	-1.6%	-3.0%	-4.2%	-2.6%
Disabled						
MA Only	85,300	88,600	90,800	92,400	94,500	96,400
Duals	<u>75,600</u>	<u>0,500</u>	<u>85,800</u>	<u>89,400</u>	<u>93,500</u>	<u>98,300</u>
Total Disabled	160,900	169,100	176,600	181,800	188,000	194,700
% Change from Prior Year	5.2%	5.1%	4.4%	2.9%	3.4%	3.6%
BadgerCare Plus						
Children	442,300	466,900	477,300	480,000	494,700	525,000
Adults	241,000	258,600	264,000	251,600	216,900	181,900
Pregnant Women	<u>20,900</u>	<u>21,400</u>	<u>21,000</u>	<u>20,600</u>	<u>20,600</u>	<u>20,600</u>
Total BadgerCare Plus	704,200	746,900	762,300	752,200	732,200	727,500
% Change from Prior Year	14.0%	6.1%	2.1%	-1.3%	-2.7%	-0.6%
BadgerCare Plus Core Plan	56,000	45,100	28,800	20,700	47,900	98,600
% Change from Prior Year	N/A	-19.5%	-36.1%	-28.1%	131.4%	105.8%
BadgerCare Plus Basic Plan	0	4,400	3,000	1,700	800	0
% Change from Prior Year	N/A	N/A	-31.8%	-43.3%	-52.9%	-100.0%
Foster Children	16,800	17,200	17,300	17,600	18,100	18,400
% Change from Prior Year	4.2%	2.4%	0.6%	1.7%	2.8%	1.7%
Well Woman MA	660	780	890	980	1,080	1,100
% Change from Prior Year	16.2%	18.2%	14.1%	10.1%	10.2%	1.9%
Family Planning Only Services	50,100	58,900	67,300	73,300	54,800	4,800
% Change from Prior Year	3.9%	17.6%	14.3%	8.9%	-25.2%	-91.2%
Limited Medicare Beneficiaries	15,800	18,100	19,600	20,400	21,500	22,600
% Change from Prior Year	13.2%	14.6%	8.3%	4.1%	5.4%	5.1%
Total MA Enrollment	1,042,360	1,097,980	1,112,690	1,104,480	1,098,680	1,101,100
% Change from Prior Year	15.9%	5.3%	1.3%	-0.7%	-0.5%	0.2%

TABLE 3
MA Trust Fund Condition Statement
Act 20

	Actual		Projected		
	2010-11	2011-12	2012-13	2013-14	2014-15
Beginning Balance	\$497,400	\$4,970,900	\$10,046,100	\$0	\$0
Revenues					
Transfers from Other Funds					
Hospital Assessment Fund	\$202,312,000	\$146,834,800	\$145,288,000	\$139,830,400	\$139,337,700
Critical Access Hospital Fund	6,172,100	4,908,800	-1,229,600	1,969,600	1,811,200
Permanent Endowment Fund	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Provider Taxes Deposited Directly to MA Trust Fund					
Nursing Home Bed Assessment	\$80,723,700	\$79,980,000	\$78,761,300	\$76,859,600	\$74,888,700
Ambulatory Surgical Center Assessment	16,600,000	16,618,100	16,600,000	16,600,000	16,600,000
Federal MA Funds Deposited to MA Trust Fund					
Wisconsin Medicaid Cost Reporting	\$0	\$0	\$0	\$25,611,700	\$24,454,400
HealthCheck-Eligible Services Provided by Residential Care Centers	9,500,000	7,870,900	7,500,000	7,000,000	7,000,000
Nursing Home Certified Public Expend. Program	53,477,200	54,388,200	48,884,000	52,000,000	52,000,000
Hospital Certified Public Expend. Program	8,883,900	6,589,200	5,400,000	5,400,000	5,400,000
Claims for County-Supported Services During Period of Enhanced Federal Match	6,645,100	0	0	0	0
Claims for Services Provided by UW Physicians Transferred from UW System	25,000,000	16,721,400	15,400,000	13,000,000	13,000,000
Revenue Reductions					
Interest to the General Fund	-\$204,100	-\$50,300	-\$231,600	-\$231,600	-\$231,600
Required Transfer to the General Fund	<u>-7,021,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Revenue	\$452,088,500	\$383,861,100	\$366,372,100	\$388,039,700	\$384,260,400
Expenditures	\$447,615,000	\$378,785,900	\$376,418,200	\$388,039,700	\$384,260,400
Ending Balance	\$4,970,900	\$10,046,100	\$0	\$0	\$0

2. MA COST TO CONTINUE [LFB Paper 320]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$663,629,800	\$21,382,500	\$685,012,300
FED	412,867,700	35,489,800	448,357,500
PR	19,212,600	- 13,755,300	5,457,300
SEG	<u>- 4,896,500</u>	<u>- 10,911,300</u>	<u>- 15,807,800</u>
Total	\$1,090,813,600	\$32,205,700	\$1,123,019,300

Governor: Provide \$333,518,800 (\$239,430,600 GPR, \$86,183,700 FED, \$10,457,500 PR, and -\$2,553,000 SEG) in 2013-14 and \$757,294,800 (\$424,199,200 GPR, \$326,684,000

FED, \$8,755,100 PR, and -\$2,343,500 SEG) in 2014-15 to fund projected costs of providing benefits under the state's medical assistance (MA) and MA-related programs (excluding SeniorCare) during the 2013-15 biennium.

The funding amounts that would be provided under this item incorporate a number of assumptions regarding caseload and utilization of services, including the following. First, it is assumed that changes to the BadgerCare Plus program that were approved by the Legislature's Joint Committee on Finance and the federal Centers for Medicare and Medicaid Services (CMS) that went into effect July 1, 2012, will remain in effect through the 2013-15 biennium. Those changes relate primarily to the premiums and "other insurance" rules for non-pregnant, non-disabled adults in the program with incomes greater than 133% of the federal poverty level (FPL).

Second, the item reflects the continuation of enrollment in the Family Care, Family Care Partnership, PACE (Program for All-Inclusive Care for the Elderly), and IRIS (Include, Respect, I Self-Direct) programs during the 2013-15 biennium, following the lifting of the enrollment cap for those programs that occurred on April 3, 2012. However, the item does not assume that the Family Care and related programs will be available in additional counties during the 2013-15 biennium.

Third, the item does not reflect any changes in program enrollment or benefit costs that would occur as a result of changes to MA eligibility standards or services proposed by the Governor. For example, the projected fiscal changes associated with the Governor's proposals to reduce income eligibility standards for parents and caretaker relatives in BadgerCare Plus from 200% of the FPL to 100% of the FPL, and to expand MA coverage to non-elderly adults without dependent children in families with incomes not greater than 100% of the FPL are not included in this item.

This MA cost-to-continue item does, however, include the administration's estimates of the benefit costs associated with MA enrollment increases the administration believes will occur as a result of implementation of the Patient Protection and Affordable Care Act (ACA) beginning January 1, 2014, which are unrelated to the MA eligibility changes proposed by the Governor. These ACA-related effects include the following: (a) the administration's estimates of additional MA enrollment that would occur as a result of employers discontinuing employer-sponsored insurance; (b) the administration's estimates of the number of individuals who are currently eligible for MA, who are not currently enrolled in the program, but who will enroll in MA beginning January 1, 2014; and (c) individuals the administration assumes will become eligible for MA due to the ACA's requirement that state MA programs determine MA eligibility using modified adjusted gross income and a 5% income disregard. In total, this item assumes the following number of individuals will enroll in BadgerCare Plus as a result of these ACA-related effects beginning January 1, 2014: (1) approximately 39,900 children; (2) approximately 29,300 parents and caretaker relatives; and (3) approximately 1,000 pregnant women. These projected ACA-related effects were based on the administration's assumption (for these purposes only) that income eligibility for BadgerCare Plus parents and caretaker relatives would be reduced to 133% of the FPL effective January 1, 2014.

Fourth, the bill incorporates projected changes in the state's federal medical assistance percentage (FMAP), relative to the FMAP used for base year budgeting purposes. The FMAP is the share of most MA benefit expenditures financed by federal matching funds. The 2011-13 budget assumed Wisconsin's standard FMAP in 2012-13 would be 60.32%, meaning that federal matching funds were expected to finance 60.32% of most eligible MA benefit expenditures that year. This item assumes the state's standard FMAP will decline to 59.23% in 2013-14 and to 59.06% in 2014-15, based on the formula in current federal law.

Major Factors Contributing to GPR Funding Increase for MA Benefits in Item. As with previous budgets, the cost-to-continue funding provided in this item reflects the sum of the administration's projected cost increases and cost decreases for the individual MA service categories that constitute the MA program. The following three MA service categories show the biggest projected GPR increases during the 2013-15 biennium, compared to estimates used to allocate budgeted MA benefits funding in the base year (doubled) of 2012-13: (a) IRIS, approximately \$170 million GPR; (b) Family Care/Family Care Partnership/PACE, approximately \$137 million GPR; and (c) BadgerCare Plus HMO payments, approximately \$125 million GPR.

The projected GPR expenditure increases for IRIS and Family Care are attributable in part to higher than budgeted enrollment in these programs during the current state fiscal year (2012-13), and continued enrollment growth projected to occur in the 2013-15 biennium. The projected increase for BadgerCare Plus HMO payments is partly due to projected increases in monthly HMO capitation rates and partly due to the increased enrollment (as described above) that the administration expects to occur beginning in January 2014 as a result of the ACA. While these three MA service categories show the largest projected GPR expenditure increases in absolute terms, other MA service categories are also projected to experience relatively large expenditure increases or decreases in the upcoming biennium compared to base year funding levels.

In addition to these individual MA service categories, the projected decline in the state's FMAP, relative to the FMAP that was assumed in Act 32 for 2012-13, is expected to increase GPR costs for the program by approximately \$170.0 million during the 2013-15 biennium.

Effect on MA and Non-MA Appropriations. The amounts provided in this item affect appropriations that are identified as part of the MA budget, and other DHS appropriations that are not usually included when describing the MA budget but are affected by the MA-related programs. The latter group includes appropriations that fund the GPR-supported community options program, community aids, and the BadgerCare Plus Basic plan.

MA Benefits Funding: Provide \$334,347,500 (\$235,117,700 GPR, \$86,183,700 FED, \$15,599,100 PR, and -\$2,553,000 SEG) in 2013-14 and \$758,204,800 (\$419,886,300 GPR, \$326,684,000 FED, \$13,978,000 PR, and -\$2,343,500 SEG) in 2014-15 for MA benefits.

Adjustments to Other Appropriations: Reduce funding by \$828,700 (\$4,312,900 GPR and -\$5,141,600 PR) in 2013-14 and by \$910,000 (\$4,312,900 GPR and -\$5,222,900 PR) in 2014-15 for appropriations related to the MA program but which are not usually included when defining the budget for MA benefit expenditures.

Joint Finance/Legislature: Increase funding in the bill by \$37,038,900 (\$27,760,700 GPR, \$20,396,000 FED, -\$5,749,000 PR, and -\$5,368,800 SEG) in 2013-14 and decrease funding by \$4,833,200 (-\$6,378,200 GPR, \$15,093,800 FED, -\$8,006,300 PR, and -\$5,542,500 SEG) in 2014-15 to reflect a reestimate of the cost of funding MA benefits under current law in the 2013-15 biennium.

3. ELIGIBILITY AND OTHER CHANGES TO BADGERCARE PLUS, THE BADGERCARE PLUS CORE PLAN, AND OTHER MA-RELATED PROGRAMS
[LFB Paper 321]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	- \$3,004,200	\$52,116,100	\$49,111,900
FED	- 24,521,500	40,151,900	15,630,400
PR	- 58,935,900	16,537,800	- 42,398,100
Total	- \$86,461,600	\$108,805,800	\$22,344,200

Governor: Reduce funding by \$46,973,800 (-\$8,608,100 GPR, -\$17,526,400 FED, and -\$20,839,300 PR) in 2013-14 and by \$39,487,800 (\$5,603,900 GPR, -\$6,995,100 FED, and -\$38,096,600 PR) in 2014-15 to reflect projected reductions in MA benefit expenditures resulting from eligibility and other program changes for children, their families, and pregnant women under BadgerCare Plus, and for non-elderly adults without dependent children under the BadgerCare Plus Core Plan.

The bill would make a number of statutory changes relating to BadgerCare Plus, the BadgerCare Plus Core Plan, and other aspects of the state's MA and MA-related programs. Unless otherwise indicated, those changes would go into effect on the bill's general effective date.

Some of the bill's statutory changes are intended to codify temporary changes DHS made to the MA program under authority in the 2011-13 budget act (Act 32). That Act 32 authority allowed DHS, subject to approval by the Legislature's Joint Committee on Finance (JFC) and the federal Department of Health and Human Services (DHHS), to temporarily implement certain changes to the MA program, even if those changes conflicted with MA-related state statutes. Under current law, the temporary changes DHS implemented under these Act 32 provisions, as well as the Act 32 provisions themselves, are repealed effective January 1, 2015. The bill would codify these already-implemented Act 32 changes. The summary refers to these sections of the bill as codifying temporary program changes implemented under Act 32.

In other instances, the bill would revise existing statutes to reflect MA program changes DHS recommended and JFC approved under the Act 32 provisions, but which have not received the federal approval required for implementation. The bill would revise current statutes to reflect these changes, while noting that their implementation still requires federal approval. The summary refers to these sections of the bill as JFC-approved Act 32 changes that require federal approval to implement.

Income eligibility requirements for medical assistance benefits are primarily related to the federal poverty level. The following table presents, by family size, annual income at various percentages of 2013 federal poverty guidelines.

2013 Annual Federal Poverty Guidelines

<u>Number In Family</u>	<u>100%</u>	<u>133%</u>	<u>150%</u>	<u>200%</u>	<u>300%</u>
One	\$11,490	\$15,282	\$17,235	\$22,980	\$34,470
Two	15,510	20,628	23,265	31,020	46,530
Three	19,530	25,975	29,295	39,060	58,590
Four	23,550	31,322	35,325	47,100	70,560
Five	27,570	36,668	41,355	55,140	82,710
Six	31,590	42,015	47,385	63,180	94,770

Parents and Caretaker Relatives in BadgerCare Plus

Income Eligibility Limits. Reduce income eligibility limits for parents and caretaker relatives under BadgerCare Plus (stated in terms of the individual's family income) from 200% of the federal poverty level (FPL) to 100% of the FPL. Specify that the new income limit of 100% of the FPL is before application of the 5% income disregard established under the Patient Protection and Affordable Care Act (ACA) for purposes of determining eligibility for medical assistance. These changes would go into effect January 1, 2014.

Require Child be a "Dependent Child" For Parents and Caretakers to Qualify for BadgerCare Plus. Under current law, the term "child" is defined as a child under age 19 for purposes of establishing BadgerCare Plus eligibility for parents and caretaker relatives. The bill would replace the term "child" for these purposes with the term "dependent child," and would define a "dependent child" as an individual who is under age 18, or who is age 18 and is a full-time student in secondary school or equivalent vocational or technical training if before attaining age 19 the individual is reasonably expected to complete the school or training. These changes would go into effect January 1, 2014.

Repeal Provisions Related to Treatment of Depreciation for Individuals with Self-Employment Income. Under current law, if an adult family member has self-employment income, their "net self-employment earnings" are included when determining a parent's or caretaker relative's eligibility for BadgerCare Plus. In such instances, the parent or caretaker can qualify for the BadgerCare Plus standard plan if their family income does not exceed 200% of the FPL without deducting depreciation, and they can qualify for the BadgerCare Plus benchmark plan if their family income exceeds 200% of the FPL before deducting depreciation but does not exceed 200% of the FPL after deducting depreciation. The bill would repeal these provisions effective January 1, 2014. Thereafter, the bill would make parents and caretakers with self-employment income eligible for BadgerCare Plus if their family income does not exceed 100% of the FPL as calculated using the income counting methodologies that would be created in the bill (see "Counting Income for Purposes of Determining BadgerCare Plus Eligibility" below). Those

revised methods for determining income go into effect January 1, 2014, and would first apply to redeterminations of MA eligibility for these parents and caretakers on the later of April 1, 2014 or the actual date of the redetermination.

Pregnant Women in BadgerCare Plus

Income Eligibility Limits. Reduce income eligibility limits for full MA coverage for pregnant women under BadgerCare Plus from 300% of the FPL (as stated in terms of the woman's family income) to 133% of the FPL. In addition, revise the current statutory definition of the term "unborn child" for purposes of determining an unborn child's eligibility for prenatal care benefits under BadgerCare Plus to include situations where the unborn child and the unborn child's mother meet all other applicable eligibility requirements for MA except the mother's family income exceeds 133% of the FPL. These changes would go into effect January 1, 2014.

The administration has indicated that its intention is not to reduce coverage for pregnant woman. Rather, the administration states that its intention is to continue to provide full MA coverage for pregnant women with incomes between 133% and 300% of the FPL (through their unborn child's eligibility for prenatal care benefits), while enabling the state to claim the higher federal matching rate under the federal children's health insurance program (approximately 72% versus 60%) for costs associated with these pregnant women. The administration indicates that it is presently reviewing the bill to determine whether it accomplishes the Governor's stated intention of not changing coverage for pregnant women with incomes up to 300% of the FPL. Further, the administration indicates that if it determines that revisions to the bill are required to achieve the Governor's stated intention, it will propose necessary revisions.

For purposes of this document, provisions in the bill related to MA coverage for pregnant women are summarized to reflect the bill as originally introduced.

Spend-Down Eligibility for Pregnant Women. Repeal provisions that currently allow pregnant women with family incomes greater than 300% of the FPL to qualify for coverage under the BadgerCare Plus benchmark plan if they are obligated or they expend for any member of their family, for medical care, personal health insurance premiums, or both, the difference between their family income and 300% of the FPL. Instead, provide that pregnant women with family incomes greater than 133% of the FPL will not be certified as being eligible for MA until their family income in excess of 133% of the FPL has been obligated or expended for the above-described costs. These changes would go into effect January 1, 2014, and would first apply to redeterminations of MA eligibility on the later of April 1, 2014 or the actual date of the redetermination.

Presumptive Eligibility for Pregnant Women. Under current law, pregnant women can qualify for "presumptive eligibility" under BadgerCare Plus if a qualified health care provider or entity determines, based on preliminary information, that the woman's family income does not exceed 300% of the FPL. The woman then has until the last day of the month following the month in which the preliminary eligibility determination was made to apply for BadgerCare Plus. During her period of presumptive eligibility, DHS pays allowable charges on behalf of the woman only for ambulatory prenatal care services under the standard plan (if her family income

does not exceed 200% of the FPL) or the benchmark plan (if her family income exceeds 200% of the FPL).

The bill would reduce the income limit for presumptive eligibility for pregnant women from 300% of the FPL to 133% of the FPL, and specify that these pregnant women would be eligible for ambulatory prenatal care under the standard plan during their period of presumptive eligibility. These changes would go into effect January 1, 2014.

Retroactive Eligibility for Pregnant Women. Under current law, pregnant women can obtain coverage for services they received during the three months prior to the month they applied for BadgerCare Plus if they met the program's eligibility requirements during those months. Due to other eligibility changes described above, the bill would reduce the income eligibility limit for retroactive eligibility for pregnant women from 300% of the FPL to 133% of the FPL, effective January 1, 2014.

Children in BadgerCare Plus

Buy-In for Children in Families with Income Greater than 300% of the FPL. Repeal a provision that currently allows a child who is not an unborn child in a family with income greater than 300% of the FPL to obtain coverage under the BadgerCare Plus benchmark plan if their families pay monthly premiums on behalf of the child in an amount equal to the full per member per month cost of coverage.

Children Under Age One Whose Mothers, When Pregnant, Had Family Income Between 200% and 300% of the FPL and Were Determined to be Eligible for BadgerCare Plus. Under current law, a child under age one is continuously eligible for coverage under the BadgerCare Plus benchmark plan if their mother, while pregnant, had family income between 200% and 300% of the FPL and was determined to be eligible for the program, and the child lives with his or her mother in this state. The bill would repeal this provision, as well as various statutory cross-references to the provision. These changes would go into effect January 1, 2014.

Spend-Down Eligibility for Children. Under current law, children in families with incomes greater than 150% of the FPL who are ineligible for the program due to other insurance coverage may qualify for BadgerCare Plus if the difference between the child's family's income and 150% of the FPL is obligated or expended on behalf of the child or any member of the child's family for medical care or personal health insurance premiums. The bill would amend spend-down eligibility for children by adding a provision that allows children in families with incomes greater than 300% of the FPL to qualify for BadgerCare Plus if the difference between the child's family's income and 150% of the FPL is obligated or expended on behalf of the child or any member of the child's family for the above-stated purposes. These changes would go into effect January 1, 2014.

MA Coverage for Former Foster Children

Under current law, an individual who was born on or after January 1, 1990, and who, on his or her 18th birthday, was in a foster care placement under the responsibility of this state, as determined by DHS, is eligible for coverage under the BadgerCare Plus standard plan, regardless

of their family income, until the last day of the month in which they turn age 21, unless they otherwise lose eligibility sooner.

The bill would amend this provision to make the following individuals eligible for the BadgerCare Plus standard plan: "An individual who, regardless of family income, was born on or after January 1, 1988, and who, on his or her 18th birthday, was in a foster care placement under the responsibility of this state, or at the option of the department, under the responsibility of another state, and enrolled in Medical Assistance under this subchapter or a Medicaid program, as determined by the department. The coverage for an individual under this subdivision ends on the last day of the month in which the individual becomes 26 years of age, unless he or she otherwise loses eligibility sooner." These changes would go into effect January 1, 2014.

Transitional MA

Eliminate Transitional MA. Current law enables certain families with dependent children whose family incomes increase due to increased earned income or increased child support to remain eligible for MA. Currently under BadgerCare Plus, individuals in such families whose family incomes were originally less than 100% of the FPL, but have increased above 100% of the FPL as a result of earned or increased child support, remain eligible for coverage during a "Transitional MA" period, even if their income increases to a level that would otherwise disqualify them from coverage. If the additional income is earned income, the Transitional MA period is twelve months. If the additional income is from increased child support, the Transitional MA period is four months. During their Transitional MA period, BadgerCare Plus recipients remain eligible for benefits under the standard plan.

Under the bill, individuals currently eligible for Transitional MA would no longer be eligible for MA if the federal Department of Health and Human Services (DHHS) approves a request from DHS to deny all or some Transitional MA benefits to that individual or family, if such approval is required. These are JFC-approved Act 32 program changes that require federal approval to implement.

The bill would also repeal obsolete references to earned income disregards from the current Transitional MA statute.

Presumptive Eligibility for Children

Children. Under current law, a child who is not an unborn child is eligible for presumptive eligibility under BadgerCare Plus if a qualified health care provider or entity determines, based on preliminary information, that their family income does not exceed 150% of the FPL. During their period of presumptive eligibility, a child is eligible for coverage under the BadgerCare Plus standard plan.

The bill would retain the current presumptive eligibility income limits for children age six through age 18, and increase the presumptive eligibility limits for other children as follows: (1) from 150% of the FPL to 185% of the FPL for children ages one through five; and (2) from 150% of the FPL to 300% of the FPL for children under age one. These changes would codify temporary program changes DHS implemented under Act 32.

The bill would further amend current law to specify that a child who is not an unborn child is not eligible for presumptive eligibility benefits if the federal DHHS approves the Department's request not to provide those benefits. These are JFC-approved Act 32 program changes that require federal approval to implement.

Retroactive Eligibility

Under current law, a child who is not an unborn child, their parents, and their caretaker relatives can obtain coverage for services they received during the three months prior to the month they applied for BadgerCare Plus if their family income was less than 150% of the FPL during those three months.

The bill would amend current statutes relating to retroactive eligibility to provide that an individual who is not disabled, not elderly, not pregnant, who is an adult and whose family income exceeds 133% of the FPL is not eligible for retroactive eligibility benefits. These changes would codify temporary program changes DHS implemented under Act 32.

In addition, the bill specifies that to the extent allowed by the federal DHHS, the following individuals, if they are not disabled, would not qualify for retroactive eligibility: pregnant women, children who are not unborn children, parents, and caretakers. These are JFC-approved Act 32 program changes that require federal approval to implement.

Counting Income for Purposes of Determining BadgerCare Plus Eligibility

Redefine "Family Income" as "Household Income." Current law defines "family income" for BadgerCare Plus eligibility purposes as the total gross earned and unearned income received by all members of a family. The bill would amend the term "family income" in this context to mean "household income" as the latter term is defined in federal law regarding application of modified adjusted gross income (MAGI) for purposes of determining MA eligibility. Those federal law provisions define "household income," with some exceptions, as the sum of the MAGI-based income of every individual included in the individual's "household" minus an amount equivalent to five percentage points of the FPL for the applicable family size. These changes would go into effect January 1, 2014, and would first apply to redeterminations of MA eligibility on the later of April 1, 2014, or the actual date of the redetermination of eligibility.

The bill would require DHS to apply the federal definition of the term "household" when determining family income for BadgerCare Plus eligibility purposes. In addition, it would require DHS, when determining the family size for a pregnant woman, to include the pregnant woman and the number of babies she is expecting. These changes would go into effect January 1, 2014, and would first apply to redeterminations of MA eligibility on the later of April 1, 2014 or the actual date of the redetermination of eligibility.

Include Income of all Adults Residing in the Home. In addition to other income-counting requirements, require DHS to do all of the following: (1) when calculating the family income of a member of a household who is not disabled, include the income of all adults residing in the home for at least 60 consecutive days but exclude the income of a grandparent in a household containing three generations, unless the grandparent applies for or receives benefits as a parent or

caretaker relative; and (2) when determining the size of a family for purposes of determining income eligibility, exclude from family size an adult whose income is included in a calculation of family income solely under (1). Specify that the changes to income-counting described in (1) and (2) apply only to the extent the federal DHHS approves the income eligibility calculation methods, if approval is required. These are JFC-approved Act 32 program changes that require federal approval to implement.

The bill would also require DHS to apply the federal definition of "household income" when establishing family income for purposes of determining MA eligibility for the following: (1) individuals infected with tuberculosis who meet the income and resource eligibility requirements for the federal supplemental security income program; and (2) individuals under age 21 who reside in an intermediate care facility, skilled nursing facility, or inpatient psychiatric hospital. These changes would go into effect January 1, 2014, and would first apply to redeterminations of MA eligibility on the later of April 1, 2014 or the actual date of the redetermination of eligibility.

Rules Pertaining to Other Insurance Coverage for BadgerCare Plus Recipients

Under current state statutes, individuals with family incomes greater than 150% of the FPL may not be eligible for coverage under BadgerCare Plus if they had access to, or if they currently have access to or coverage under, either of the following: (a) coverage provided by an employer for which the employer pays at least 80% of the premium; or (b) coverage under the state employee health plan. Certain individuals, including pregnant women and children under age one, are exempt from these rules. The bill would make the following changes to the program's "other insurance" rules.

Specify that unless otherwise provided in the bill, an individual whose family income exceeds 150% of the FPL remains subject to the current BadgerCare Plus other insurance rules.

Provide that an individual who is not disabled and not pregnant, who is over age 18, and whose family income exceeds 133% of the FPL, is not eligible for BadgerCare Plus if all of the following apply: (1) they have access to individual or family health coverage provided by an employer in which the monthly premium that an employee would pay for an employee-only policy does not exceed 9.5% of the family's monthly income, or to individual or family health coverage under the state employee health plan; (2) access to such coverage existed during any of the following times: (a) the twelve months before the first day of the month they apply for BadgerCare Plus; (b) the three months after the last day of the month in which they apply for BadgerCare Plus; or (c) the month including the date of their annual MA eligibility determination; and (3) the individual does not have as a reason for not obtaining health insurance any of the good cause reasons provided in law. These changes would codify temporary program changes DHS implemented under Act 32.

Disqualify the following individuals from BadgerCare Plus if they had access to the types of other insurance during any of the periods described above, unless any of the good cause reasons recognized in state law is the reason the individual did not obtain health insurance coverage: (1) the individual is not disabled and is a child, or an unborn child, of an individual

whose family income is at a level determined by DHS but no lower than 133% of the FPL; (2) the individual is an adult parent or an adult caretaker relative who is not disabled, not pregnant, and whose income is at a level determined by DHS but no lower than 100% of the FPL; or (3) the individual is an adult, including a pregnant woman, who is under age 26, who is eligible to be covered under coverage a parent receives from an employer, and whose family income is at a level determined by DHS but no lower than 100% of the FPL. Provide that an individual identified under (3) is not ineligible for BadgerCare Plus if either of the following good cause reasons apply: (a) the parent of the individual is no longer employed by the employer through which the parent was eligible for coverage and the parent does not have current coverage; or (b) the employer of the parent of the individual discontinued providing health benefits to all employees. Specify that DHS may apply the changes to the program's "other insurance" rules described in this paragraph only if the federal DHHS approves, if such approval is required. These are JFC-approved Act 32 program changes that require federal approval to implement.

Provide that if the federal DHHS approves the Department's request to add private major medical insurance as a type of insurance which causes ineligibility, an individual who is not disabled, not pregnant, whose family income exceeds 133% of the FPL, and who has coverage under private major medical insurance for which the monthly premium does not exceed 9.5% of the family's monthly income is not eligible for BadgerCare Plus. These are JFC-approved Act 32 program changes that require federal approval to implement.

In addition, provide that if the federal DHHS approves, the following individuals would not be eligible for BadgerCare Plus if he or she has the private major medical insurance coverage described in the preceding paragraph: (1) an individual who is not disabled and who is a child, or an unborn child, of an individual whose family income is at a level determined by DHS but no lower than 133% of the FPL; or (2) an adult parent or an adult caretaker relative who is not disabled, not pregnant, and whose family income is at a level determined by DHS but no lower than 100 % of the FPL. These are JFC-approved Act 32 program changes that require federal approval to implement.

Amend, as follows, current statutory sections which identify individuals who are exempt from the program's other insurance rules: (1) clarify that a pregnant woman remains exempt from several of the program's other insurance rules except to the extent that she is a non-disabled adult under age 26 who is eligible to be covered under coverage a parent receives from an employer, as provided in the bill and subject to federal DHHS approval; (2) repeal, effective January 1, 2014, the exemption for children under age one whose mothers, when pregnant, had family income between 200% and 300% of the FPL and who were determined eligible for the program; (3) create an exemption for an adult who is disabled, and define the term "disabled" when referring to an adult for purposes of the BadgerCare Plus program, including in this context, as an adult who meets the disability standard for federal supplemental security income; (4) create exemptions in cases where the otherwise disqualifying insurance coverage is owned by someone not residing with the family and continuation of the coverage is beyond the family's control, and where the insurance only covers services provided in a service area that is beyond a reasonable driving distance. The change described in (3) would codify temporary program changes DHS implemented under Act 32. The changes described in (1) and (4) are JFC-

approved Act 32 program changes that require federal approval to implement.

Repeal the current requirement that a pregnant woman with health insurance coverage and family income greater than 200% of the FPL maintain the health insurance coverage as a condition of eligibility for BadgerCare Plus. In addition, repeal references to pregnant women with family incomes greater than 200% of the FPL in existing statutory sections that disqualify certain individuals from BadgerCare Plus for the three calendar months following the month in which their other insurance coverage ended without a good reason as defined in statute.

Provide that certain individuals who had the following types of health insurance coverage are not eligible for BadgerCare Plus for the three calendar months following the month in which the coverage ended without one of the good cause reason provided in statute: (1) individual or family health coverage provided by an employer in which the monthly premium that an employee would pay for an employee-only policy does not exceed 9.5% of the family's monthly income, or individual or family health coverage under the state employee health plan; or (2) private major medical insurance for which the monthly premium does not exceed 9.5% of the family's monthly income. Apply this other insurance rule to non-pregnant, non-disabled adults whose family incomes exceed 133% of the FPL. These changes would codify temporary program changes DHS implemented under Act 32.

In addition, if the federal DHHS approves, apply the three-month ineligibility period described in the preceding paragraph to the following individuals: (1) non-disabled children whose family incomes are at a level determined by DHS but no lower than 133% of the FPL; (2) adult parents and adult caretaker relatives who are not disabled, not pregnant, and whose family incomes are at a level determined by DHS but no lower than 100% of the FPL; and (3) non-disabled adults under age 26, including pregnant women, who are eligible to be covered under coverage a parent receives from an employer, and whose family incomes are at a level determined by DHS but no lower than 100% of the FPL. These are JFC-approved Act 32 program changes that require federal approval to implement.

Create the following good cause exemptions from the other insurance rules that would otherwise disqualify certain individuals for the three calendar months following the month in which the other insurance coverage ended: (a) the insurance coverage is owned by someone not residing with the family and continuation of the coverage is beyond the family's control; or (b) the insurance coverage only covers services provided in a service area that is beyond a reasonable driving distance. These are JFC-approved Act 32 program changes that require federal approval to implement.

Premiums under BadgerCare Plus

Under current state statutes, a BadgerCare Plus recipient who is an adult, who is not pregnant, and whose family income is greater than 150% of the FPL but not greater than 200% of the FPL is required to pay a premium for coverage under the program that does not exceed 5% of his or her family income. Current statutes further provide that if the recipient is a parent or caretaker relative with self-employment income who is eligible for BadgerCare Plus because their family income is less than 200% of the FPL after deducting depreciation, the premium may

not exceed 5% of family income calculated before depreciation was deducted.

The bill would repeal the reference to parents and caretaker relatives with self-employment income from this section of the statutes, effective January 1, 2014.

In addition, the bill would make the above-cited statutory section regarding BadgerCare Plus premiums subject to the following newly created provisions.

Specify that except as otherwise provided in statute, a recipient who is an adult parent or an adult caretaker relative who is not disabled or American Indian, and whose family income exceeds 133% of the FPL shall pay a premium for coverage under BadgerCare Plus in an amount determined by DHS that is based on a formula in which costs decrease for those with lower family incomes and that is no less than 3% of family income but no greater than 9.5% of family income. Specify that if the recipient is a parent or caretaker relative with self-employment income who is eligible for BadgerCare Plus because their family income is less than 200% of the FPL after deducting depreciation, the premium may not exceed 5% of family income calculated before depreciation was deducted. These changes would codify temporary program changes DHS implemented under Act 32. The bill would repeal this newly created section effective January 1, 2014.

Under current law, children in families with income greater than 200% of the FPL, including unborn children, are required to pay premiums for coverage under the BadgerCare Plus benchmark plan that do not exceed the full per member per month costs of coverage. Children in families with incomes less than 200% of the FPL are not currently required to pay premiums. The bill retains this provision, but would make it subject to a newly-created provision that would authorize DHS to charge premiums to non-disabled children with family incomes of at least 150% of the FPL, as determined by DHS, in an amount determined by DHS, subject to federal DHHS approval, if approval is required. The bill would also repeal a current statutory section that separately authorizes DHS to impose premiums on an unborn child or a pregnant woman with family incomes greater than 200% of the FPL.

Amend sections that currently exempt certain BadgerCare Plus recipients from paying premiums, as follows: (1) make the current exemptions subject to the bill's new premium requirements for non-disabled children with family incomes of at least 150% of the FPL; and (2) repeal the current exemption that applies to children under age one whose mothers, when pregnant, had family income between 200% and 300% of the FPL and who were determined eligible for the program, effective January 1, 2014.

Restrictive Re-Enrollment Period. Under current state statute, if a BadgerCare Plus recipient who is required to pay a premium does not pay a premium when due, or requests that his or her coverage be terminated, their coverage under the program terminates and they are not eligible for six consecutive calendar months following the date on which their coverage terminated, except for any month during that six-month period when their family income does not exceed 150% of the FPL.

The bill would revise the restrictive re-enrollment period for adults from six consecutive

calendar months to twelve consecutive calendar months except for any month during that twelve-month period when the adult's family income does not exceed 133% of the FPL. These changes would codify temporary program changes DHS implemented under Act 32.

The bill would also amend the current statute to extend the restrictive re-enrollment period for children from six months to twelve months, if the federal DHHS approves that change. These are JFC-approved Act 32 program changes that require federal approval to implement.

In addition, the bill would amend the current restrictive reenrollment statute by deleting a reference to certain premium-paying parents and caretaker relatives with self-employment income. These changes would go into effect January 1, 2014.

Alternate Benchmark Plan

Authorize DHS to provide, if it chooses, an alternate benchmark plan to certain BadgerCare Plus recipients. Specify that the alternate benchmark plan shall provide coverage for benefits similar to those in a commercial, major medical insurance policy. Authorize DHS to charge copayments to recipients receiving coverage under an alternate benchmark plan that are higher than copayments charged to recipients receiving coverage under the BadgerCare Plus standard plan. Prohibit DHS from charging a recipient of coverage under the alternate benchmark plan whose family is not greater than 150% of the FPL a copayment that exceeds 5% of the individual's family incomes for all members of the family. Stipulate that DHS may only provide coverage under the alternate benchmark plan to the extent the plan is approved by the federal DHHS.

Provide that if DHS obtains approval from the federal DHHS to provide an alternate benchmark plan, and to the extent the federal DHHS approves, DHS may enroll in the alternate benchmark plan any individual whose family income exceeds 100% of the FPL who is either an adult who is not pregnant or a child, except that DHS shall enroll a child who has a parent who is enrolled in BadgerCare Plus in the same coverage plan as his or her parent.

Specify that in the event DHS is providing coverage under an alternate benchmark plan, it may discontinue coverage under the existing BadgerCare Plus benchmark plan for individuals eligible for the alternate benchmark plan.

Allow DHS to provide services to individuals enrolled in the alternate benchmark plan through a medical home initiative similar to the medical home pilot projects described in other sections of the bill. These are JFC-approved Act 32 program changes that require federal approval to implement.

Benchmark Plan for Children Receiving Early Intervention Services

Authorize DHS to offer a benchmark plan, subject to federal DHHS approval, to any child who is receiving services through the early intervention program under s. 51.44 of the statutes (the Birth-to-3 program) and to enroll any such child in the benchmark plan, but prohibit DHS from requiring such a child to enroll in the benchmark plan. These are JFC-approved Act 32 program changes that require federal approval to implement.

Create a new category of covered services under the BadgerCare Plus standard plan for services provided by early intervention teachers, home trainers, parent-to-parent mentors, and developmental specialists to children enrolled in the benchmark plan described in the preceding paragraph. Prohibit DHS from charging a copayment to a child enrolled in such a benchmark plan for these services.

Medical Home Pilot Projects

Authorize DHS to administer the medical home initiative as a service delivery mechanism to provide and coordinate care for individuals who are eligible for an MA program under Subchapter IV ("Medical Assistance") of Chapter 49 of the statutes that provides services under a fee-for-service model. Permit DHS to administer a medical home initiative to serve individuals who are members of any of the following populations: (1) children who are in out-of-home care or are receiving adoption assistance under 42 USC 670-679c; (2) pregnant women; (3) individuals who are exiting mental health facilities or correctional facilities; (4) individuals with a diagnosis of serious mental illness or substance abuse disorder; (5) adults with two or more chronic medical conditions; and (6) other groups of individuals with conditions DHS determines would benefit from services through a medical home.

Require DHS to provide individuals through any such medical home initiative the benefits under the BadgerCare Plus standard plan. In addition, permit DHS to provide such individuals benefits in addition to those offered under the standard plan that are targeted to the population receiving services through the medical home. Add the latter category of services to the list of services covered by the BadgerCare Plus standard plan.

Authorize DHS to administer any such medical home initiative in a limited geographical area. In addition, permit DHS to make an all-inclusive payment to the provider offering services through a medical home.

Specify that if the federal DHHS approves the Department's request to administer a medical home initiative, DHS shall automatically enroll an individual who is eligible for a medical home initiative authorized under these sections in the medical home initiative. Provide further that at any time after the first six months of enrollment in the medical home initiative, the individual may opt out of participation in the initiative. The preceding paragraphs, as they pertain to a medical home pilot project for foster children, would codify temporary program changes DHS implemented under Act 32. As the preceding paragraphs pertain to medical home pilot projects for the other groups indicated, they represent JFC-approved Act 32 program changes that require federal approval to implement.

Coverage for Childless Adults

The 2007-09 biennial budget required DHS to request a waiver from the federal DHHS to permit the Department to provide health care coverage for basic primary and preventive care to adults under age 65, who are not otherwise eligible for MA or Medicare, and whose family incomes do not exceed 200% of the FPL. The resulting Core Plan began providing services in January 2009, and eligibility expanded statewide in July 2009. The program has been closed to

new enrollment since late 2009. The current Core Plan waiver expires December 31, 2013.

The bill would amend the existing statute relating to the Core Plan so as to require DHS to request a waiver from the federal DHHS to provide health care coverage for basic primary and preventive care to adults who are under age 65, who are not otherwise eligible for MA or Medicare, and whose income does not exceed 100% of the FPL (rather than 200% of the FPL, as under current law) before application of the ACA's 5% income disregard. The bill would also amend the current Core Plan statute to specify that if the revised waiver is granted and in effect, the demonstration project shall begin on the effective date of the waiver. These changes would go into effect January 1, 2014.

The bill would then repeal and recreate these amended sections of the Core Plan statute effective January 1, 2015. The recreated statute would delete references to the Department's temporary policymaking authority under Act 32, which expires January 1, 2015.

Current law authorizes DHS to promulgate rules defining the health care benefit plan provided to Core Plan recipients, including more specific eligibility requirements and cost-sharing requirements. Current law also states that Core Plan cost sharing may include an annual enrollment fee not greater than \$75 per year. In addition to these current cost-sharing requirements, the bill would provide that a childless adult who is eligible to receive benefits under the demonstration project who is not disabled, not pregnant, not an American Indian as defined in federal law, and whose family income exceeds 133% of the FPL, shall pay a premium for coverage under the program in an amount determined by DHS that is based on a formula in which costs decrease for those with lower family incomes and that is no less than 3% of family income but no greater than 9.5% of family income. These changes would codify temporary program changes DHS implemented under Act 32.

The bill would specify that when calculating the family income of a member of a household who is not disabled for purposes of determining eligibility for the demonstration project, DHS shall do all the following: (1) include the income of all adults residing in the home for at least 60 consecutive days but exclude the income of a grandparent in a household containing three generations, unless the grandparent applies for or receives benefits as a parent or caretaker relative; and (2) when determining the size of a family for purposes of determining income eligibility, exclude from family size an adult whose income is included in a calculation of family income solely under (1). Specify that the changes to income-counting described in (1) and (2) apply only to the extent the federal DHHS approves the income eligibility calculation methods, if approval is required. These are JFC-approved Act 32 program changes that require federal approval to implement.

In addition, require DHS to apply the bill's revised definitions of family income and the federal regulations defining "household" to determinations of income for purposes of eligibility under the demonstration project. These changes would go into effect January 1, 2014.

Permit DHS to provide services to individuals who are eligible for the demonstration project through a medical home initiative, as otherwise provided under the bill.

BadgerRx Gold

Repeal current statutory sections authorizing DHS to establish and administer a pharmacy benefits purchasing pool (BadgerRx Gold), and repeal references to this pharmacy benefits purchasing pool in various statutory appropriations which currently authorize DHS to administer and contract with an entity to operate a pharmacy benefits purchasing pool. These changes would go into effect January 1, 2014.

BadgerCare Plus Basic Plan

Repeal current statutory sections, including statutory appropriations, authorizing DHS to operate the BadgerCare Plus Basic Plan. The BadgerCare Plus Basic Plan was created in 2010 to provide limited health care coverage to childless adults on the waitlist for services under the BadgerCare Plus Core Plan. These changes would go into effect January 1, 2014. Under current law, the Basic Plan terminates January 1, 2014.

Other Provisions

Community Recovery Services. Current statutes relating to community recovery services covered by the MA program refer to amendments to the state MA plan submitted under 42 USC 1396n(i). The administration indicates these references can be repealed because DHS has submitted the applicable state plan amendments under different sections of federal law. These changes would codify temporary program changes DHS implemented under Act 32.

Medically Needy Income Eligibility. Under current law, MA eligibility under the medically needy criteria exists if the individual's family income does not exceed 133 and 1/3% of the maximum AFDC cash assistance level, or the combined benefit amount under federal supplemental security income and state supplemental security income, whichever is higher. This eligibility standard is currently subject to a federal law provision that caps the income level for purposes of qualifying for federal financial participation at 133 and 1/3% of the AFDC cash assistance level. The administration indicates that under the ACA, amounts eligible for federal financial participation would now exceed 133 and 1/3% of the AFDC cash assistance level. To maintain the program's current eligibility levels under the medically needy criteria, the bill would do the following: (1) re-define the income eligibility level to not exceed 133 and 1/3% of the maximum AFDC cash assistance level, or the combined benefit amount under federal supplemental security income and state supplemental security income, whichever is lower (rather than higher, as in current statute); and (2) repeal the current reference to the federal financial participation provisions. These changes would go into effect January 1, 2014.

Administration's Projected Enrollment Impacts. This item reflects the administration's estimates of the fiscal effects associated with the eligibility changes and other program changes in this item. The funding in this item assumes the following enrollment impacts.

Parents and Caretaker Relatives in BadgerCare Plus: This item assumes approximately 98,900 parents and caretaker relatives with family incomes greater than 100% of the FPL will lose their program eligibility effective January 1, 2014.

The item assumes that enrollment decline will be partly offset by approximately 11,600

parents and caretakers projected to enroll in BadgerCare Plus over an eighteen-month period starting January 1, 2014, as a result of the woodwork/welcome mat effect, MAGI-based income counting requirements, and employer discontinuation of health coverage (collectively "ACA effects") the administration believes will occur as a result of the ACA. The administration's projected net decline in BadgerCare Plus enrollment for parents and caretakers associated with this proposal is approximately 87,300 individuals.

The projected ACA effects associated with this item are less than the ACA effects the administration assumed for purposes of its MA cost-to-continue item because the latter used an assumption that income eligibility for BadgerCare Plus parents and caretakers would be set at 133% of the FPL, rather than 100% of the FPL, for purposes of calculating those ACA effects.

Childless Adults: This item assumes an additional 82,500 childless adults with family incomes less than 100% of the FPL will enroll in the demonstration project beginning January 1, 2014, and that total enrollment of childless adults (including current Core Plan enrollees with family incomes less than 100% of the FPL) will be approximately 99,700 by January 2015.

Children: The item assumes approximately 39,900 additional children with incomes less than 300% of the FPL will enroll in BadgerCare Plus over an eighteen-month period starting January 1, 2014, due to projected ACA effects. The item also assumes that approximately 3,500 children with family incomes greater than 300% of the FPL who currently "buy in" to BadgerCare Plus will lose eligibility effective January 1, 2014.

Pregnant Women: The funding in this item assumes that costs for approximately 3,500 pregnant women will switch from being funded with the state's standard federal medical assistance percentage (approximately 59%) to being funded with the higher federal matching rates through CHIP (approximately 72%). In addition, the bill assumes that approximately 1,000 additional pregnant women will enroll in the program over an eighteen-month period beginning January 1, 2014 due to projected ACA effects, and approximately 1,200 pregnant women will obtain coverage through the exchange rather than BadgerCare Plus.

Family Planning Only Services Program: The item assumes enrollment in the current family planning only services program will decline from approximately 76,600 individuals in December, 2013, to approximately 1,000 individuals by June, 2015. The administration attributes this projected enrollment decline to its assumption that current enrollees in this program will either enroll in a demonstration project for childless adults or they will obtain coverage through the health insurance exchange beginning January, 2014.

Joint Finance/Legislature: Increase funding in the bill by \$24,492,800 (\$17,755,100 GPR, -\$241,600 FED, and \$6,979,300 PR) in 2013-14 and by \$84,313,000 (\$34,361,000 GPR, \$40,393,500 FED, and \$9,558,500 PR) in 2014-15 to reflect revised estimates of the costs of the Governor's proposal in the 2013-15 biennium.

Modify the bill to incorporate several changes recommended by the administration. Those changes include the following:

First, delete provisions in the bill that would have made the following changes: (a) reduce income eligibility levels for pregnant women to 133% of the FPL; (b) modify the current

statutory definition of the term "unborn child" for BadgerCare Plus eligibility purposes to include situations where the unborn child and the unborn child's mother meet all other applicable eligibility requirements except that the mother's family income exceeds 133% of the FPL, and make a non-substantive adjustment to current statutory language; (c) change current statutory provisions relating to "spend-down" eligibility for pregnant women; (d) change current statutory provisions relating to presumptive eligibility for pregnant women; (e) repeal a provision that establishes continuous eligibility for certain children of pregnant women, and delete cross-references to that section; and (f) repeal several current statutory provisions relating to other insurance "crowd-out" rules for pregnant women with family incomes greater than 200% of the FPL.

Second, delete the reference to "basic primary and preventive care" in the current statutory sections relating to coverage under the Core Plan to reflect the administration's intent to provide benefits to the new MA enrollees in the childless adult enrollment group under the standard plan. This provision would go into effect January 1, 2014.

Third, modify the bill to provide benefits under the standard plan, rather than the benchmark plan (as is currently the case) for pregnant woman and children with family incomes greater than 200% of the FPL. This revision would take effect January 1, 2014.

Fourth, modify provisions in the bill related to transitional MA as follows: (a) recognize the continued eligibility of individuals who were eligible for transitional MA as of December 31, 2013, until the individual's twelve-month transitional MA period ends; (b) recognize ongoing four-month transitional MA eligibility beginning January 1, 2014; and (c) provide DHS the option to charge premiums to individuals in the four-month transitional MA eligibility group with family incomes greater than 100% of the FPL beginning January 1, 2014, subject to federal approval.

Fifth, modify provisions in the bill relating to a child's restrictive re-enrollment period to provide that the period shall be three consecutive calendar months, or up to twelve consecutive calendar months if the federal DHHS approves, following the date on which the child's coverage terminated, except for any month during that period when the child's family's income does not exceed 150% of the FPL. Further, modify the bill to specify that this period of non-eligibility would not apply to children for whom outstanding premiums have been paid.

Sixth, modify a provision in the bill that would repeal the appropriation for the BadgerCare Plus Basic Plan effective January 1, 2014. Under current law, the Basic Plan terminates January 1, 2014, and DHS is prohibited from paying any claim for services provided after December 31, 2013. Due to timing lags in providers' claim submissions, DHS may not receive claims for services rendered prior to January 1, 2014, until after that date. To enable DHS to pay these "wrap up" claims, the repeal of the Basic Plan appropriation would not occur until July 1, 2015.

Seventh, modify the bill to remove the current prohibition on the payment of hospital assessment access payments for services provided to Core Plan enrollees. This revision would take effect on the bill's general effective date.

Eighth, delete the section in the bill that would repeal the Department's authority to apply

the new premium schedule to non-pregnant, non-elderly adults with family incomes greater than 133% of the FPL effective January 1, 2014, and authorize DHS to seek the necessary federal approval to continue to apply that premium schedule after December 31, 2013.

In addition, modify the bill as follows:

A. If, by October 15, 2013, DHS has not received a certification of an American health benefit exchange (exchange) as described in 42 USC 18031 from the U.S. Department of Health and Human Services (DHHS), if such certification is required under federal law, DHS shall do all of the following for 90 days after December 31, 2013:

(i) Allow parents and caretaker relatives whose family income does not exceed 200% of the FPL and who would otherwise be eligible for standard plan benefits under BadgerCare Plus to receive those benefits.

(ii) If approved by DHHS, allow only those individuals whose family income does not exceed 200% of the FPL and who are receiving benefits under the BadgerCare Plus Core Plan on December 31, 2013, to continue to be eligible to receive those benefits.

(iii) If, before the 90 days under A. expire, DHS determines it has not yet received the federal certification of an exchange, if required, to apply the eligibility standards in A.(i) and A.(ii) to eligibility determinations under BadgerCare Plus and the BadgerCare Plus Core Plan for a 90-day period after the determination is made. DHS may continue to apply the eligibility standards under A.(i) and A.(ii) for successive 90-day periods if it has not yet received a required federal certification of an exchange.

B. If, after consulting with the Office of the Commissioner of Insurance, DHS determines that in at least one county of the state, but not in all counties of the state, there is no qualified health plan offered through an exchange in which residents of the county may enroll, DHS shall allow parents and caretaker relatives whose family incomes do not exceed 200% of the FPL who would otherwise be eligible for standard plan benefits under BadgerCare Plus except for the income limit, and who reside in a county in which there is no qualified health plan available under an exchange, to be eligible for standard plan benefits under BadgerCare Plus if DHS determines that any of the following is satisfied:

(i) DHS determines that a waiver of federal Medicaid law is not required to implement the eligibility standards described in B.

(ii) DHS requests a waiver of federal Medicaid law to implement the eligibility standards described in B. and DHHS approves the waiver request.

(iii) If, before the 90 days under B. expire, and before the expiration of any subsequent 90-day period, DHS determines that a county still has no qualified health plan available for enrollment, DHS shall apply the eligibility standards under B.

[Act 20 Sections: 348, 350, 351, 355, 356, 1046 thru 1054, 1057, 1058, 1058k, 1070, 1072 thru 1076b, 1078 thru 1081, 1085, 1089 thru 1155, 1198, 1219, 1265t, 1898, 1995, 1997, 9318(14), 9318(15L), 9418(7) thru (9L), and 9418(10i)]

4. COMPREHENSIVE COMMUNITY SERVICES [LFB Paper 322]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$10,202,000	- \$10,202,000	\$0
FED	<u>6,499,900</u>	<u>0</u>	<u>6,499,900</u>
Total	<u>\$16,701,900</u>	<u>- \$10,202,000</u>	<u>\$6,499,900</u>

Governor: Provide \$16,701,900 (\$10,202,000 GPR and \$6,499,900 FED) in 2014-15 to fund a projected increase in MA benefits costs that would result by expanding state support for comprehensive community services, beginning July 2014.

Statutory Change. Provide that in counties that elect to deliver comprehensive community services through the MA program on a regional basis according to criteria established by DHS, DHS would be required to reimburse service providers for the amount of the allowable charges for those services under the MA program that is provided by the federal government and for the amount of the allowable charges that is not provided by the federal government. Specify that this provision would take effect on July 1, 2014, and first apply to psychosocial services provided under the MA program under a community-based psychosocial service program on that date.

Background. State law defines comprehensive community services as psychosocial services, including case management services, provided by the staff of a community-based psychosocial service program. The community-based mental health services provided through this benefit are based on an individualized service plan for each participant, and those services may include psychiatric medication, mental health counseling, and case management. The program also allows for residential services and other evidence-based mental health and substance abuse treatment.

Under current law, comprehensive community services are a covered MA benefit only in counties that have elected to make the services available through the MA program. These counties are responsible for paying the non-federal share of the MA provider reimbursement, and the state passes on to the counties the federal MA matching funds associated with those service claims.

In calendar year 2011, 26 counties elected to provide comprehensive community services, serving a total of 1,469 individuals. DHS indicates that the total cost of providing these services in calendar year 2011 was approximately \$15,067,000 (\$6,027,000 in county funds and \$9,040,000 FED). The funding that would be provided in the bill is based on the administration's estimate that approximately 3,200 individuals would receive these services annually if the program expanded statewide.

The bill would retain current law for counties that elect to provide these services through the MA program but do not elect to provide the services on a regional basis based on criteria established by DHS. These counties would continue to use their own funds to support the non-

federal share of the costs of these services.

Joint Finance/Legislature: Require DHS to submit a report to the Joint Committee on Finance no later than March 1, 2014, that addresses the following issues relating to the proposal: (a) a description of the criteria DHS will apply in its CCS regionalization model; (b) a description of how the regions will be established and the degree of county participation in that process; (c) an updated list of the counties which, by that date, have indicated they will offer CCS on a regional basis according to DHS-established criteria; and (d) an evaluation of the long-term costs of the proposed regional model.

In addition, transfer the GPR funding in the bill for this item (\$10,202,000 in 2014-15) to the Joint Committee on Finance supplemental appropriation and require DHS to submit a request for the release of these funds under a 14-day passive review process after DHS submits the report to the Committee.

[Act 20 Sections: 1056 and 1056b]

5. COVERAGE FOR IN-HOME COUNSELING SERVICES FOR CHILDREN

GPR	\$524,000
FED	<u>786,000</u>
Total	\$1,310,000

Governor/Legislature: Provide \$655,000 (\$262,000 GPR and \$393,000 FED) annually to expand MA coverage for outpatient mental health services to include in-home counseling services for children. These services are typically provided to children in need of family therapy or children involved in the child welfare system.

Services covered under the MA outpatient mental health benefit include strength-based assessments, psychotherapy services and other psychiatric services when the services are provided in the provider's office, a hospital, nursing home, school, hospital outpatient clinic or outpatient clinic. Currently, in-home counseling services are available only to children diagnosed with a severe emotional disturbance as part of the MA program's HealthCheck benefit.

This item would provide funding to expand the MA outpatient mental health benefit to permit children to receive counseling services in their own homes.

6. SENIORCARE REESTIMATE [LFB Paper 323]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$19,503,700	-\$4,420,800	-\$23,924,500
FED	-26,691,700	-3,839,000	-30,530,700
PR	<u>-5,473,100</u>	<u>-11,579,300</u>	<u>-17,052,400</u>
Total	-\$51,668,500	-\$19,839,100	-\$71,507,600

Governor: Reduce funding for benefits under the SeniorCare program by \$27,650,000

(-\$10,196,400 GPR, -\$13,647,900 FED, and -\$3,805,700 PR) in 2013-14 and by \$24,018,500 (-\$9,307,300 GPR, -\$13,043,800 FED, and -\$1,667,400 PR) in 2014-15 to reflect estimates of the costs of fully funding program benefits in the 2013-15 biennium.

Program Description. SeniorCare provides prescription drug benefits to Wisconsin residents who are age 65 or older and who are not eligible for full benefits under medical assistance (MA). The program has four benefit levels based on the participant's family income. Level 1 is for individuals with family incomes not greater than 160% of the federal poverty level (FPL). These participants do not have a deductible. Level 2a is for individuals with family incomes greater than 160% of the FPL but not greater than 200% of the FPL. These participants have a \$500 annual deductible. Level 2b is for individuals with family incomes greater than 200% of the FPL but not greater than 240% of the FPL. These participants have an \$850 annual deductible. Level 3 is for individuals with family incomes greater than 240% of the FPL. These participants must first spend down by incurring prescription drug costs equal to the difference between their income and 240% of the FPL. After Level 3 participants satisfy their spend-down requirement, they have an \$850 annual deductible.

Once a SeniorCare participant meets their annual deductible, if any, they can obtain prescription drugs covered by the program by paying a \$5 copayment for generic drugs and a \$15 copayment for brand-name drugs. Participants also pay a \$30 annual enrollment fee.

Participants in Levels 1 and 2a are part of the SeniorCare waiver program, which operates under the terms of a waiver agreement between DHS and the federal Centers for Medicare and Medicaid Services (CMS). Under the waiver, which was recently renewed through December 31, 2015, the state receives federal MA matching funds to help support benefit costs for participants with incomes not greater than 200% of the FPL. SeniorCare benefits are also funded in part by GPR and by rebates the state receives from drug manufacturers. Those drug rebates are reflected as program revenues (PR).

Funding Reestimate. The funding reduction in the bill largely reflects the fact that the current estimate of 2012-13 program costs [\$89,905,700 (all funds)] is significantly less than the base year funding level [\$120,647,000 (all funds)]. DHS has identified two primary factors contributing to the less-than-budgeted spending in 2012-13: (a) participants' increased utilization of the Medicare Part D outpatient drug benefit, which reduces SeniorCare-funded expenditures for those participants; and (b) a decline in participants' overall prescription drug utilization. The funding amount in the bill reflects the administration's assumption that those trends will moderate in the upcoming biennium, resulting in total projected benefit expenditures of \$92,997,000 (all funds) in 2013-14 and \$96,628,500 (all funds) in 2014-15.

SeniorCare enrollment has been relatively constant in recent years. The administration expects that this trend will continue, with annual enrollment increases of 0.5% in 2013-14 and 0.9% in 2014-15.

Joint Finance/Legislature: Decrease funding in the bill by \$9,730,100 (-\$2,163,900 GPR, -\$1,888,400 FED, and -\$5,677,800 PR) in 2013-14 and by \$10,109,000 (-\$2,256,900 GPR, -\$1,950,600 FED, and -\$5,901,500 PR) in 2014-15 to reflect a reestimate of the cost to

fully fund SeniorCare benefits in the 2013-15 biennium.

The following table show the amounts budgeted for SeniorCare benefits in the 2013-15 biennium.

**SeniorCare Benefits Funding
Act 20**

	Base Year Funding	Act 20		Change to Base	
		2013-14	2014-15	2013-14	2014-15
GPR	\$30,880,200	\$18,519,900	\$19,316,000	-\$12,360,300	-\$11,564,200
FED	31,689,100	16,152,800	16,694,700	-15,536,300	-14,994,400
PR	<u>58,077,700</u>	<u>48,594,200</u>	<u>50,508,800</u>	<u>-9,483,500</u>	<u>-7,568,900</u>
Total	\$120,647,000	\$83,266,900	\$86,519,500	-\$37,380,100	-\$34,127,500

7. NONGOVERNMENTAL ADMINISTRATIVE PAYMENTS

Governor/Legislature: Modify a PR appropriation the Division of Health Care Access and Accountability currently may use to fund activities supported by moneys it receives from gifts, grants, bequests and trust funds, to also authorize DHS to credit all moneys the Division receives from payments from nongovernmental individuals and entities for departmental administrative services, for the purposes for which these payments are received.

DHS occasionally receives program revenues from non-governmental entities as payment for services provided by the Division. One example is fees telephone service providers pay DHS for accessing data in order to determine individuals' eligibility for discounted telephone services through the federal universal service fund's Lifeline program. Under the bill, these types of revenues, in addition to revenue from gifts, grants, bequests and trust funds, could be credited to and expended from the appropriation. There is no fiscal effect associated with this statutory change.

[Act 20 Section: 352]

8. MA EXPENDITURE REPORTING

FED	\$8,000
PR	<u>831,990,000</u>
Total	\$831,998,000

Governor/Legislature: Provide \$405,686,600 (\$4,000 FED and \$405,682,600 PR) in 2013-14 and \$426,311,400 (\$4,000 FED and \$426,307,400 PR) in 2014-15 to reflect efforts to improve the transparency of MA benefit expenditure reporting. Currently, certain revenues DHS receives and expends to fund MA benefit costs are treated as offsets to MA benefits expenditures, rather than credited to, and expended from, a program revenue appropriation. Examples of these revenues include amounts DHS recovers from other payment sources (such as MA recipients' other health insurance coverage), and rebate revenue DHS receives from drug manufacturers. Under the bill, beginning in 2013-14, these revenues would be credited to a current program revenue (PR) appropriation to

fund MA benefits costs. The largest source of this revenue is rebates DHS receives from drug manufacturers, which the administration estimates will total approximately \$356.5 million PR in 2013-14 and \$379.1 million PR in 2014-15.

As part of this item, MA benefits funding would be allocated within MA benefits appropriations along programmatic lines by establishing a series of sub-appropriations (numerics) dedicated to specific aspects of the MA program. While DHS currently uses some numerics to account for certain types of MA benefits spending, this item would establish additional numerics, and transfer current funding to reflect this new budget structure, beginning in 2013-14. For instance, the Department's current numeric system groups funding for BadgerCare Plus together with benefit expenditures associated with other MA enrollees, including elderly, blind, and disabled (EBD MA) enrollees. The Governor's budget creates a new numeric dedicated exclusively to BadgerCare Plus, as well as several other numerics dedicated to specific MA subprograms and eligibility groups. The following table shows the Department's new sub-appropriations.

MA Subprogram/Eligibility Groups

- Fee-for-Service MA Services for Elderly, Blind and Disabled Enrollees
- Family Care and Other Long-Term Care Managed Care Payments
- BadgerCare Plus (Managed Care and Fee-for-Service Payments)
- MA Long-Term Care Waiver Services, including IRIS
- MA Services Where Local Units of Government Provide Non-Federal Match
- Core Plan and Childless Adults Enrolled Through Partial Expansion
- Services for Children in Foster Care
- Family Planning Only Services Program
- Well Woman MA and Other Programs
- Wisconsin Medicaid Cost Reporting (WIMCR) Payments to Counties
- Supplemental Payments for Severely Emotionally Disturbed Children

9. ESTATE RECOVERY [LFB Paper 324]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$2,552,500	4.25	-\$145,200	0.00	-\$2,697,700	4.25
FED	- 5,701,300	4.25	- 276,100	0.00	- 5,977,400	4.25
PR	<u>10,157,400</u>	<u>0.00</u>	<u>421,300</u>	<u>0.00</u>	<u>10,578,700</u>	<u>0.00</u>
Total	\$1,903,600	8.50	\$0	0.00	\$1,903,600	8.50

Governor: Increase funding by \$1,016,400 (-\$1,144,900 GPR, -\$2,630,300 FED and \$4,791,600 PR) in 2013-14 and by \$887,200 (-\$1,407,600 GPR, -\$3,071,000 FED and \$5,365,800 PR) in 2014-15, to reflect the net effect of: (a) administrative costs and increasing staff for the estate recovery program (\$508,200 GPR and \$508,200 FED in 2013-14, and \$443,600 GPR and \$443,600 FED in 2014-15 and 8.50 positions (4.25 GPR positions and 4.25 FED positions), beginning in 2013-14); and (b) reducing medical assistance (MA) benefits

funding due to anticipated increases in collections that would occur due to proposed statutory changes and staff increases (-\$1,653,100 GPR, -\$3,138,500 FED and \$4,791,600 PR in 2013-14 and -\$1,851,200 GPR, -\$3,514,600 FED, and \$5,365,800 PR in 2014-15).

Currently, DHS is required to recover amounts the state paid for certain benefits individuals received while they were enrolled in several MA-related programs ("recipients"), and individuals that received services under the GPR-funded community options program and the disease aids program ("clients"). However, statutory provisions relating to recoveries under these programs vary. The bill would make the recovery provisions consistent with each other (including the use of common definitions), make changes to the non-probate property recovery program so that it would apply to all types of assets, and renumber and change statutory references to these provisions.

The bill contains provisions to expand the Department's authority and ability to recover the cost of public assistance payments made on behalf of long-term care recipients from the estates of recipients and their spouses by: (a) defining "property of a decedent" to encompass all real and personal property to which the recipient held an interest including, upon the death of a surviving spouse, property to which the recipient held a marital property interest within five years before or during the individual's program eligibility; (b) authorizing DHS to recover the cost of all MA-eligible services provided to a long-term care program recipient, not just the cost of MA-eligible long-term care services; (c) changing the amounts recoverable from MA benefits provided through managed care organizations (MCOs), from the payments MCOs made to health care providers for services the recipient received, to the capitation payments DHS paid to the MCO to support services for the recipient; (d) voiding property transfers intended to hinder, delay or defraud the state from recovering MA benefits; and (e) limiting the amounts pooled trusts may retain to 30% of the amount in the recipient's trust immediately before the recipient's death. These and other related provisions are summarized below.

Definitions

Create the following definitions, as they relate to estate recoveries.

- a. "decedent" -- a deceased client (or recipient) or deceased nonclient (or nonrecipient) surviving spouse, whichever is applicable.
- b. "department" -- the Department of Health Services.
- c. "conveyance" -- written instrument evidencing a transaction and that satisfies statutory requirements for conveyances of real property.
- d. "fair market value" -- the price that a willing buyer would pay a willing seller for the purchase of real property.
- e. "fraudulent transfer" -- a transfer of title to real property for less than fair market value or a transfer of title to real property by a conveyance that is not recorded during the lifetime of the grantor in the office of the register of deeds of the county in which the real property is located.

f. "grantee" -- person to whom the interest in land passes. Whenever consistent with the context, reference to the interest of a party includes the interest of the party's heirs, successors, personal representatives and assigns.

g. "grantor" -- the person from whom an interest in lands passes by conveyance, including, without limitations, lessors, vendors, mortgagors, optioners, releasers, assignors and trust settlors of interest in lands. Whenever consistent with the context, reference to the interest of a party includes the interest of the party's heirs, successors, personal representatives and assigns.

h. "long-term care program" -- any of the following: Family Care, IRIS (Include, Respect, I Self-Direct), Family Care Partnership, Program for All-Inclusive Care for the Elderly (PACE), and any program that provides long-term care services and is operated by DHS under a state plan amendment, waiver, or demonstration project.

i. "nonclient surviving spouse" and "nonrecipient surviving spouse" -- any person who was married to a client (recipient) while the client (recipient) was receiving services for which the cost may be recovered and who survived the client (recipient).

j. "property of a decedent" -- all real and personal property to which the client held any legal title or in which the client had any legal interest immediately before death, to the extent of that title or interest, including assets transferred to a survivor, heir, or assignee through joint tenancy, tenancy in common, survivorship, life estate, living trust, or any other arrangement. Property of a decedent also includes all real and personal property in which the nonclient surviving spouse had an ownership interest at the client's death and in which the client had a marital property interest with that nonclient surviving spouse at any time within five years before the client applied for long-term care services, MA, the community options program (COP), and/or the disease aids program (aid for individuals with kidney disease, cystic fibrosis, or hemophilia) or during the time that the client was eligible for those services.

k. "public assistance" -- any services provided as a benefit under a long-term care program (Family Care, IRIS, Family Care Partnership, PACE), MA, the community options program (COP), or the disease aids program (aid for individuals with kidney disease, cystic fibrosis, or hemophilia) that may be recoverable.

l. "recipient" -- a person who received public assistance.

Estates of Surviving Spouses

Specify that all property of a decedent (as defined above) that is included in the estate of a client or recipient or in the estate of a nonclient surviving spouse or nonrecipient surviving spouse is subject to DHS' claim. Create a presumption, which may be rebutted by clear and convincing evidence, that all property in the estate of the nonclient surviving spouse or nonrecipient surviving spouse was marital property held with the client or recipient and that 100 percent of the property in the estate of the nonclient surviving spouse or nonrecipient surviving spouse is subject to DHS' claim.

Currently, the state recovers for assets that are in the recipient's estate through the probate process, plus some, but not all, non-probate assets, which can be transferred administratively upon the death of an individual. Some non-probate assets pass to heirs free of any creditors' claims, including DHS claims for reimbursement of medical services.

Recovery for All Services for Long-Term Care Recipients Over Age 55

Authorize DHS to recover payments for all services paid on behalf of the recipient after the recipient attained 55 years of age and while the recipient was participating in a long-term care program.

Currently, DHS may only recover from the estate of a recipient for MA services paid on behalf of the recipient while the recipient resided in a nursing home, was an inpatient in a hospital and was required to contribute to the cost of care, or was over the age of 55. For individuals over age 55, DHS may only recover for services provided under a home and community-based waiver program, related hospital services, related prescription drug services, and personal care services.

Calculation of Recovery Amounts for Services Provided by MCOs

Specify that the amount DHS may claim against an estate of a recipient or an estate of a nonrecipient surviving spouse for services that are provided by a managed long-term care program funded by capitated payments is the amount of the capitated payment for the recipient.

Currently, by rule, for individuals enrolled in Family Care, DHS may recover the amount of the services the recipient received from the managed care organization (MCO), not the amount of the capitated payment DHS made to the MCO.

Voiding Certain Transfers of Real Property

Voidable Transfers. Specify a transfer of real property is voidable by DHS if all of the following apply: (a) the transfer was made by a grantor who was receiving or who received MA, or by someone on his or her behalf, during the time the grantor was eligible for MA; (b) DHS was not notified and was unaware that the transfer was made; and (c) the transfer was made to hinder, delay, or defraud DHS from recovering MA benefits that were paid on behalf of the grantor. Authorize DHS to commence an action in circuit court against the grantee to void the transfer. If the court voids the transfer, the title to the real property reverts to the grantor or his or her estate.

Presumption. Establish a presumption, that may be rebutted by clear and convincing evidence, that a fraudulent transfer made by a grantor while the grantor was eligible for MA was made to hinder, delay, or defraud DHS from recovering MA benefits that were paid on behalf of the grantor.

Burden of Proof. Provide that with respect to a fraudulent transfer made for less than fair market value, the burden of proof for establishing fair market value is on the grantee. Fair market value must be established through a credible methodology, which may include an appraisal

performed by a licensed appraiser.

Inapplicable to Purchaser in Good Faith. Provide that voidable transfers are not voidable, if after the voidable transfer, the real property was transferred by a conveyance to a purchaser in good faith and for a valuable consideration, and the conveyance was recorded.

Applicability. Specify that transfers are voidable under these provisions if the transfer is made on or after the effective date of this section or the transfer was made before the effective date of the paragraph but the grantor is receiving MA on, or receives MA after, the effective date of these provisions.

Treatment of Real Property Owned by Certain Public Assistance Recipients

Creation of Documents for Recording. Require DHS to create a document entitled "Request for notice of transfer or encumbrance and notice of potential claim" ("Request"), which would require notice to DHS with respect to any transfer of title to, placement of an encumbrance on, or termination of an interest in, a property and which would provide notice that DHS may have a claim against the property on the basis of providing public assistance to an individual who has or had a legal interest in the property.

Require DHS to create a document entitled "Termination of request for notice of transfer or encumbrance and notice of potential claim" ("Termination") which would provide notice that, with respect to a property against which a "Request" has been recorded, no notice to DHS is required when title to the property is transferred, an encumbrance is placed on the property, or an interest in the property is terminated.

Require DHS to create a document entitled "Certificate of Clearance" ("Clearance") which would provide notice that, with respect to property against which a "Request" has been recorded, but against which a "Termination" has not been recorded, DHS has no objection to the transfer of title to, placement of an encumbrance on, or termination of an interest in, the property, and that no notice to DHS is required in the future when those actions are taken.

Recording of Request for Notice and Termination of Request for Notice. Provide that whenever an individual becomes eligible for public assistance, and at any time during the time that an individual is eligible for public assistance, DHS may record a "Request" if the individual has any of the following ownership interests in real property: (a) current ownership interest in real property, including a marital property interest; or (b) at any time within the five years before the individual applied for public assistance or during the time that the individual is eligible for public assistance, a marital property interest in real property with his or her current spouse, if that spouse currently holds title to the real property. DHS must record the document in the office of the register of deeds of the county in which the real property is located. An interest in real property includes a vendee's or vendor's interest in a land contract or an interest in real property held in a revocable trust.

Provide that whenever DHS determines that, with respect to property against which a "Request" has been recorded, DHS no longer requires notice when title to the property is transferred, an encumbrance is placed on the property, or an interest in the property is

terminated, DHS would record a "Termination" in the office of the register of deeds of the county in which the "Request" was recorded.

Disclosure of Request for Notice. Provide that if, in the course of a title search on real property, a title insurance company or agent finds that a "Request" has been recorded against the property but a "Termination" has not been recorded against the property, the title insurance company or agent must disclose that a "Request" has been recorded against the property in any report submitted preliminary to issuing, or in any commitment to offer, a certificate of title insurance for the real property.

Transferring, Encumbering, or Terminating an Interest in Property; Clearance by the Department. Specify that any person transferring title to, encumbering, or terminating an interest in property against which a "Request" has been recorded, but against which a "Termination" has not been recorded, must notify DHS of the proposed transfer, encumbrance, or termination. If, on the date that the person sends the notice, the recipient who had the ownership interest in the property when DHS recorded the "Request" is alive, the person may transfer title to, encumber, or terminate interest in the property with no further action by DHS. If the person is deceased, DHS must determine whether it has a claim against the property for recoverable amounts paid on behalf of the recipient. If DHS determines that it has no recoverable claim, DHS must issue to the person seeking to transfer title to, encumber, or terminate an interest in the real property, a "Clearance," which the person must record along with the instrument transferring title to, encumbering, or terminating the interest in the property. If DHS determines the claim is recoverable, DHS must follow the procedure described below. Provide that transferring title to, encumbering, or terminating an interest in the property is not valid unless DHS issues to the person and the person records a "Clearance."

Procedure if the Department Has a Claim Against Real Property. Create a procedure for DHS to follow if: (a) DHS determines it has a claim against real property in response to a notice of proposed transfer, encumbrance, or termination of interest in the property; or (b) upon the death of a recipient whose surviving spouse has an ownership interest in real property in which the recipient had a marital property interest with that spouse at any time within five years before the recipient applied for public assistance or during the time that the recipient was eligible for public assistance, regardless of whether DHS recorded a "Request" with respect to the property.

Unless the property is being transferred by affidavit or through formal or informal administration of the recipient's estate, require DHS to send the person providing the notice or to the surviving owner of the property, whichever is applicable, a statement of claim that states all of the following: (a) DHS has a claim against the property that it intends to recover from the property; (b) the amount and basis for the claim; (c) that the person has a right to an administrative hearing which must be requested within 45 days after DHS sent the statement of claim, on the extent and fair market value of the recipient's interest in the property and how to request an administrative hearing; and (d) that the transferee of the recipient's interest in the property or the surviving owner of the property may request from DHS a hardship waiver and how to request a hardship waiver.

Provide that a person who receives a statement of claim from DHS is entitled to and may, within 45 days after DHS sent the statement of claim, request a departmental fair hearing on the

value of the property and the extent of the recipient's interest in the property. The value of the recipient's interest in the property would be determined in the manner described below under "Value of Recipient's Interest."

Authorize DHS to recover against the property in the manner determined by DHS to be appropriate, including by placing a lien on the property. DHS may enforce a lien on the property by foreclosure in the same manner as a mortgage on real property. Retain current law provisions that prohibit DHS from enforcing a lien as long as the recipient's spouse or the recipient's child, who is under age 21 or disabled, is alive. Provide that if the recipient's surviving spouse or child, who is under age 21 or disabled, refinances a mortgage on the property, the Department's lien is subordinate to the new encumbrance.

Require DHS to release a lien that it cannot enforce because the recipient's spouse or child, who is under age 21 or disabled, is alive, if any of the following applies: (a) the recipient's surviving spouse or child, who is under age 21 or disabled, sells the property for fair market value during the spouse's or child's lifetime; (b) the recipient's surviving spouse or child transfers the property for less than fair market value and/or the transferee, or surviving owner sells the property during the spouse's or child's lifetime and places proceeds equal to the lesser of DHS' lien or the sale proceeds due to the seller in a trust or bond, and DHS is paid the secured amount upon the death of the recipient's spouse or disabled child or when the recipient's child, who is not disabled, reaches age 21.

Expand Types of Recoverable Property and Property Subject to Liens

Provide that property transferred by affidavit to or by an heir, trustee, or guardian is subject to DHS' right to recover amounts paid on behalf of the decedent or the decedent's spouse. Upon request, require the heir or trustee to provide DHS information about any of the decedent's property that the heir, trustee, or guardian has distributed and information about the persons to whom the property was distributed.

Expand the interests for which DHS may be assigned a lien, by the probate court or a personal representative closing an estate by sworn statement, from "home" to "real property, including a home" and/or "real property".

Provide that death benefits payable under a life insurance policy or an annuity are subject to the right of DHS to recover an amount equal to public assistance payments paid on behalf of the deceased policyholder or annuitant.

Consolidated Recovery Provisions Applicable to Public Assistance Programs

Create provisions relating to recovery of correct public assistance payments, using common definitions described above, that would apply to each public assistance program.

Recoverable Amounts. Create a presumption, which may be rebutted by clear and convincing evidence, that all property of the deceased nonrecipient surviving spouse was marital property held with the recipient and that 100% of the property of the deceased nonrecipient surviving spouse is subject to a DHS claim.

Authorize DHS to collect from the property of a decedent, by affidavit or by lien, amounts equal to services provided under public assistance programs and that was paid on behalf of the decedent or the decedent's spouse. However, retain conditions that DHS may recover from the property of a decedent only if the decedent (a) died after September 30, 1991, and (b) is not survived by a spouse or a child who is under age 21 or disabled.

Repeal two additional conditions that must apply in order for DHS to recover from the property of a decedent under current law: (a) no person files a petition for administration or summary settlement or assignment of the decedent's estate within 20 days of death; and (b) the value of the property subject to administration in this state left by the decedent, after payment of burial costs, does not exceed \$50,000.

Transmittal of Property Upon Receipt of Affidavit. Provide that any property of a decedent that is transferred by a person who has possession of the property at the time of the decedent's death is subject to the right of DHS to recover public assistance. Upon request, require the person who transferred the property to provide DHS information about the property of the decedent that the person has transferred and information about the persons to whom the property was transferred.

Require that an affidavit from DHS contain all of the following information: (a) that DHS has a claim against property that it intends to recover from the property; (b) the amount and basis of the claim; (c) that the person may have a right to an administrative hearing on the extent and fair market value of the recipient's interest in the property, which must be requested within 45 days after DHS sent the affidavit; (d) how to request an administrative hearing; (e) that the person may request from DHS a hardship waiver, if the person co-owned the property with the decedent or is a beneficiary of the property; and (f) how to request a hardship waiver.

Recovery Against Real Property. Under current law, DHS is provided a lien in the amount that it may recover, under "Recoverable amounts" above, on any interest in the decedent's real property if all of the following conditions apply: (a) if the decedent died after September 30, 1991; (b) the decedent is not survived by a spouse or a child who is under age 21 or disabled; (c) no person files a petition for administration or summary settlement or assignment of the decedent's estate within 20 days of death; and (d) the value of the property subject to administration in this state left by the decedent, after payment of burial costs, does not exceed \$50,000. DHS is also provided a lien to recover on any interest in the decedent's home if conditions (a), (c), and (d) above apply.

The bill would require DHS be provided a lien if the decedent died after September 30, 1991, and removes reference to the other three conditions. The bill also expands the amount that DHS may recover through the lien from "any interest in the decedent's home" to "any interest in any property of the decedent that is real property, including a home".

Allowable Costs of Sale of Real Property. Provide that if any real property of a decedent has been sold after the death of the decedent, only the following reasonable expenses, if any, incurred in preserving or disposing of the real property may be deducted from the sale proceeds that DHS may recover: (a) closing costs of sale, including reasonable attorney fees of the seller, the cost of title insurance, and recording costs; (b) property insurance premiums; (c) property

taxes due; (d) utility costs necessary to preserve the property; and (e) expenses incurred in providing necessary maintenance or making necessary repairs, without which the salability of the property would be substantially impaired. Provide that these expenses may only be deducted from the sale proceeds if they are documented and approved by DHS and they were not incurred while any other individual was living on the property.

Value of Recipient's Interest. Provide that, for purposes of determining the value of the recipient's interest in property of the decedent, all of the following apply. First, if the recipient held title to real property jointly with one or more persons other than their spouse, the recipient's interest in the real property is equal to the fractional interest that the recipient would have had in the property if the property had been held with the other owner or owners as tenants in common.

Second, if the recipient held title to personal property jointly with one or more persons other than their spouse, the recipient's interest in the personal property is equal to either the percentage interest that was attributed to the recipient when his or her eligibility for public assistance was determined or, if the percentage interest was not determined as part of an eligibility determination, the fractional interest that the recipient would have had in the property if the property had been held with the other co-owner or co-owners as tenants in common.

Third, if the recipient held a life estate in real property, the recipient's interest is equal to the recipient's percentage of ownership in property based on the recipient's age on date of death and calculated using the fair market value of the property and life estate - remainderman tables used by DHS to value life estates for purposes of determining eligibility for MA.

Fourth, a property's fair market value is the price a willing buyer would pay a willing seller for the purchase of the property. The burden of proof for establishing a property's fair market value is on the surviving owners or beneficiaries, or their representatives. Fair market value must be established through a credible methodology, which may include an appraisal by a licensed appraiser.

Fair Hearing. Provide that a person who has possession of any property of the decedent, or who receives an affidavit from DHS for transmittal of any property of the decedent, is entitled to and may, within 45 days after the affidavit was sent, request a departmental fair hearing on the value of the property and the extent of the recipient's interest in the property, if the property is not being transferred by affidavit or through formal or informal administration of the decedent's estate.

Action or Order to Enforce Recovery. Provide that if, after receipt of an affidavit, a person who possesses the property of a decedent does not transmit the property to DHS or timely request a hearing, DHS may bring an action to enforce its right to collect recoverable amounts from the property or may issue an order to compel transmittal of property. Any person aggrieved by an order issued by DHS may appeal the order as a Class 3 contested case proceeding by filing a request for appeal, within 30 days after date of order, with the Division of Hearings and Appeals in the Department of Administration. The date on which the Division receives the request for appeal would be the date of service. The only issue at the hearing would be whether the person has transmitted the property to DHS. The decision of the Division would be the final decision of DHS.

Provide that, if any person named in an order to compel transmittal of property fails to transmit the property under the terms of the order and no contested case to review the order is pending and the time for filing for a contested case review has expired, DHS may present a certified copy of the order to the circuit court for any county. The sworn statement of the Secretary of Health Services would be evidence of DHS' right to collect recoverable amounts from the property and of the person's failure to transmit property to DHS. The circuit court would, without notice, render judgment in accordance with the order. A judgment rendered by the circuit court would have the same effect and would be entered in the judgment and lien docket and may be enforced in the same manner as if the judgment had been rendered in an action tried and determined by the circuit court. Provide that these recovery procedures are in addition to any other recovery procedure authorized by law.

Rules for Hardship Waiver

Exempt DHS from promulgating rules establishing standards for determining whether the application of estate recovery would work an undue hardship in cases involving claims against the estates of nonclient surviving spouses or nonrecipient surviving spouses.

Currently, DHS is required to promulgate rules establishing standards to determine whether the recovery of payments would work an undue hardship in individual cases. If DHS determines that recovery would work an undue hardship in a particular case, DHS is required to waive the recovery of payments in that case.

Trusts

Living Trusts. Provide that, notwithstanding a notice of a deadline for filing claims that the trustee has published in a newspaper, if a settlor of a living trust or if a predeceased spouse of a settlor of a living trust, at any time received any services provided as a benefit under a public assistance program, the trustee must provide written notice to DHS by registered or certified mail within 30 days after the death of the settlor and before any property held in trust is distributed. Specify that the notice must include demographic information about the settlor and the settlor's predeceased spouse, if any, information about how to file a claim, a copy of the trust document, and documentation supporting the value of the trust on the settlor's date of death.

Provide that after the death of a settlor who received, or whose spouse received, public assistance benefits, DHS may recover from the property held in a living trust immediately before the settlor's death, an amount equal to the public assistance paid on behalf of the decedent or the decedent's spouse. Specify that the deadline for DHS to file a claim for recovery is four months after the date of the trustee's notice for filing claims.

Within 90 days after the receipt of a claim for recovery from DHS, require a trustee to pay to DHS any amount that DHS may recover. If a trustee distributes the property from the trust before DHS makes a claim to the trustee for the recovery of public assistance payments, the trustee must provide DHS with information about the distributed property and to whom it was distributed or transferred. Provide that DHS is entitled to recover from the persons to whom the property was distributed or transferred.

Special Needs or Pooled Trusts. Provide that, notwithstanding a notice of a deadline for

filing claims that the trustee has published in a newspaper, within 30 days after the death of a beneficiary under a special needs or pooled trust, the trustee must provide a written notice to DHS by registered or certified mail. Specify that the notice must include demographic information about the decedent, information about how to file a claim, a copy of the trust document, and documentation supporting the value of the decedent's property held in the trust on the decedent's date of death. Within 90 days after receipt of a claim from DHS, require the trustee to repay DHS for any MA paid on behalf of the decedent, as required under the terms of the trust.

Provide that if a trustee fails to comply with the notice and repayment requirements, the trustee is personally liable to DHS for any costs DHS incurs in recovering amounts from the property distributed from the trust before any repayment is made and for any recoverable amounts that DHS is unable to recover from persons to whom the property was distributed.

Provide that after the death of a beneficiary under a special needs or pooled trust, the trustee may retain up to 30% of the balance in the decedent's account, unless the trustee fails to comply with the notice and repayment requirements above, in which case the trustee may not retain any of the balance in the decedent's account.

Reporting to the Department of Revenue and Recovery of Payments Through Tax Returns

Require DHS to certify to the Department of Revenue at least annually the amounts of non-probate assets that, based on notifications and other information received by DHS, DHS has determined that it may recover. The certification would be subject to the current requirements for such certifications and to a new requirement, created in the bill, that the determination was rendered as a judgment as described under "Action or Order to Enforce Recovery" above. DHS must also inform the person that it intends to certify to the Department of Revenue an amount that DHS determines to be due for setoff from any state tax refund that may be due the person.

Family Care Recovery Rules

Require that recovery of correctly paid payments for the Family Care benefit by liens, affidavits, and estates follow the process created in statute under the bill. Repeal current provisions that authorize DHS to use a process DHS establishes by rule.

Transfers More than 30 Years Old

Under current law, there is a provision that prohibits any person, the state, or political subdivision from commencing an action affecting real estate based on an instrument that was recorded more than 30 years before an action is commenced, unless a legal instrument or notice describing the claim is recorded with the register of deeds within 30 years after the instrument is recorded. If the notice or instrument is not recorded until after the 30 years, the claim is still effective, except with respect to the rights of the purchaser of the real estate or any interest in the real estate that was during the time between the end of the 30 years and the recording of the notice. The bill would make these provisions apply to DHS liens on real property.

Initial Applicability and Effective Dates

These provisions would take effect on October 1, 2013, or the 90th day after the bill's publication, whichever is later. Provisions relating to the recovery of long-term care payments and recovery of capitation payments would first apply to services individuals received on that effective date. Provisions relating to special needs and pooled trusts would first apply to pooled trusts that are created or modified on that effective date and to trustee notification requirements for deaths that occur on that effective date. Provisions relating to recoveries of public assistance from the property of a decedent would first apply to the recovery of public assistance provided to individuals who die on that effective date.

Joint Finance: Increase funding in the bill by \$381,800 (\$131,800 GPR and \$250,000 FED) in 2013-14 and reduce funding by \$803,100 (-\$277,000 GPR and -\$526,100 FED) in 2014-15 and reduce funding by \$381,800 PR in 2013-14 and increase funding by \$803,100 PR to reflect a funding reestimate.

Assembly/Legislature: Prohibit DHS from implementing any of these provisions without the approval of the Joint Committee on Finance. Require DHS to submit one or more proposals to the Joint Committee on Finance by June 30, 2015, requesting the Committee to approve the implementation of the estate recovery provisions contained in the bill.

[Act 20 Sections: 353, 354, 361, 821 thru 831, 833, 834, 1179 thru 1197, 1199 thru 1210, 1221 thru 1226, 1240, 2266, 2268 thru 2270, 2271, 2275, 2294, 2295, 2296 thru 2317, 2318, 9118(6i), 9318(3) thru (6), and 9418(2)]

10. DIVESTMENT [LFB Paper 325]

GPR	- \$761,000
FED	- 1,193,600
Total	- \$1,954,600

Governor: Reduce funding by \$873,300 (-\$328,500 GPR and -\$544,800 FED) in 2013-14 and by \$1,081,300 (-\$432,500 GPR and -\$648,800 FED) in 2014-15 to reflect estimates of savings to MA benefits costs that would result by enacting changes to MA divestment statutes and policies.

Under current law, institutionalized individuals and noninstitutionalized individuals participating in long-term care programs are not eligible for MA-funded long-term care services if they transfer their property at less than fair market value, either while they are receiving MA-funded services or within 60 months before the first day that they were both eligible for MA and receiving MA-funded long-term care services. They are not eligible for these services for the duration of their divestment penalty period. The divestment penalty period is equal to the number of days of private pay nursing home care that could have been paid for with the amount of resources that were divested. The bill would make several changes to divestment statutes.

Counting Exempt Assets

Count transfers of exempt assets, such as a vehicle, towards an institutionalized or non-institutionalized individual's divestment penalty period. Under current law, those exempt assets are not counted towards the divestment penalty period.

Penalty Period Start Date

Establish that the divestment penalty period for individuals currently receiving MA begins on the first day of the month following the month in which the individual receives advance notice of the period of ineligibility. Under current law, the penalty period for an applicant for MA begins the first day that the individual applies for and would be eligible for MA and long-term care services but for the penalty period. The penalty period for an MA recipient begins the first day of the month on or after a divestment. Federal law requires DHS to provide timely and adequate notice of ineligibility to current recipients before the recipient stops receiving benefits. In practice, although the penalty period for current recipients begins on the date of the divestment, the recipient only loses eligibility for the time between when he or she receives the notice and the end of the penalty period. The bill leaves the penalty period for applicants unchanged.

Promissory Notes to Presumptive Heirs

Specify that a promissory note in which the debtor is a presumptive heir of the lender or in which neither the lender nor debtor has any incentive to enforce repayments is considered cancelled upon the death of the lender.

Under current law, the purchase of a promissory note, loan, or mortgage is not a divestment if the repayment term is actuarially sound, the payments are to be made in equal amounts during the term of the loan and without deferral or balloon payments, and the cancellation of the balance upon the death of the lender is prohibited. Making promissory notes to presumptive heirs canceled upon death of the lender would classify these notes as divestments and enable DHS to enforce a penalty period.

Revision of Penalty Periods Only Upon Return of All Divested Assets

Provide that, in order to meet federal requirements for transfers exempt from divestment penalties and to adjust the ineligibility period, the individual must demonstrate that all of the assets transferred for less than fair market value, or cash equal to the value of the assets transferred for less than fair market value, have been returned to him or her.

Under current law, ineligibility due to divestment and the divestment penalty period does not apply if the transfer met federal requirements for exempt transfers. One of the federal requirements is that all assets transferred for less than fair market value have been returned to the individual. Currently, DHS recalculates the divestment penalty period as portions of the divested assets are returned to the individual. The current policy creates a loophole in which individuals may divest and gradually return their assets in such a way so as to be penalized for only half of the time that a divestment of similar size would warrant.

Eligibility When Community Spouse Divests Assets

Provide that if a community spouse transfers his or her resources or other assets within the first five years of the institutionalized spouse's eligibility, a divestment penalty period may be applied to the institutionalized spouse.

Under current law, after an institutionalized spouse is determined eligible for MA and during a continuous period of institutionalization, the resources of the community spouse are not considered available to the institutionalized spouse, meaning if the spouse transfers his or her assets, the transfer does not impact the institutionalized spouse's MA eligibility.

Disclosure of Total Value of Assets of Institutionalized and Community Spouse

Permit DHS to deny the MA eligibility of an institutionalized spouse, if when requested by DHS, the institutionalized spouse and the community spouse do not provide the total value of their assets and information on income and resources to the extent required under federal MA law or sign the application for MA.

Under current law, a community spouse can choose not to provide DHS with the total value of their assets, information about their income or resources, or sign the institutionalized spouse's MA application and not affect the institutionalized spouse's MA eligibility. DHS indicates that current law permits couples to protect their assets by allowing an institutionalized spouse to transfer all of his or her assets to the community spouse.

Procedure for Determining Community Spouse Allocation in Fair Hearings

Under current law, an institutionalized spouse may allocate their monthly income to the community spouse up to certain statutory limits. Either the institutionalized spouse or a community spouse may request a fair hearing to determine the amount to be allocated. When the community spouse's income, with the allocation from the institutionalized spouse, is less than the monthly minimum allowance, DHS is required to establish an amount to be allocated that will bring the community spouse's income up to the minimum allowance. Current law does not outline a specific process DHS is to follow when establishing the amount to be allocated.

The bill would require DHS to base the amount to be used for this purpose on the cost of a single premium lifetime annuity that pays monthly amounts that, combined with other available income, raises the community spouse's income to the minimum monthly allowance. Any resource, regardless of whether the resource generates income, may be transferred in an amount that, combined with the institutionalized spouse's allocation calculated before the fair hearing, provides the community spouse with sufficient funds to purchase the annuity. The community spouse would not be required to purchase an annuity to obtain this amount.

Life Insurance Surrender Values

Specify that elderly, blind, or disabled individuals are not eligible for MA if they have life insurance with cash surrender values if the combined cash surrender value of all life insurance policies, including riders and other attachments, is more than \$1,500.

Under current law, elderly, blind, or disabled individuals are not eligible for MA if they have life insurance with cash surrender values if the total face value of all life insurance policies is more than \$1,500. In some cases, individuals have had life insurance policies with face values of \$1,500 but with rider values that exceed \$1,500.

Definition of Financial Institutions for Financial Record Matching Program

Define "financial institution" as any of the following: (a) a depository institution; (b) an institution-affiliated party of a depository institution; (c) a federal credit union or state credit union; (d) an institution-affiliated party of a credit union; (e) a benefit association, insurance company, safe deposit company, money market mutual fund, or similar entity authorized to do business in this state; and (f) a broker-dealer.

Under current law, "financial institution" has the meaning given in federal law and means any office of a bank, savings bank, card issuer, industrial loan company, trust company, savings association, building and loan, or homestead association (including cooperative banks), credit union, or consumer finance institution. The new definition expands the financial institutions that are required to participate in the state's financial record matching program.

Initial Applicability

Provide that provisions affecting MA divestment by applicants first apply to determinations of initial eligibility for MA for individuals who apply for MA, and transfers of assets made by MA recipients or spouses of MA recipients on the bill's general effective date.

Joint Finance: Modify the bill by requiring DHS to determine an individual's MA eligibility based on the total face value of all life insurance policies, including riders and other attachments, rather than the combined cash surrender value of all of the individual's life insurance policies, including riders and other attachments. The face value of a life insurance policy is the amount the insurer pays to the beneficiary if the insured dies, while the cash surrender value is the amount the insurer pays to the policyholder if the policyholder terminates the life insurance policy.

Assembly/Legislature: Prohibit DHS from implementing any of these provisions without the approval of the Joint Committee on Finance. Require DHS to submit one or more proposals to the Joint Committee on Finance by June 30, 2015, requesting the Committee to approve the implementation of the divestment provisions contained in the bill.

[Act 20 Sections: 1044, 1045, 1059 thru 1069, 1088, 1991, 9118(6i), and 9318(7)&(8)]

11. MA PURCHASE PLAN [LFB Paper 326]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$2,428,000	-\$2,428,000	\$0
GPR	-\$1,480,500	\$1,480,500	\$0
FED	-2,797,100	2,797,100	0
PR	<u>2,428,000</u>	<u>-2,428,000</u>	<u>0</u>
Total	-\$1,849,600	\$1,849,600	\$0

Governor: Increase funding by \$170,800 (\$72,700 GPR, -\$77,200 FED, and \$175,300 PR) in 2013-14 and decrease funding by \$2,020,400 (-\$1,553,200 GPR, -\$2,719,900 FED, and \$2,252,700 PR) in 2014-15 to reflect the net fiscal effect of the Governor's proposal to modify eligibility and premium requirements for the MA purchase plan (MAPP). The administration indicates that these changes would reduce work disincentives in the program. These changes are projected to decrease enrollment and increase premium collections, resulting in net savings to the state.

This item would: (a) increase funding for administration of the program by \$565,900 (\$300,900 GPR and \$265,000 FED) in 2013-14 and by \$1,165,500 (\$622,200 GPR and \$543,300 FED) in 2014-15; (b) reduce MA benefits funding by \$395,100 (-\$158,100 GPR and -\$237,000 FED) in 2013-14 and by \$3,185,800 (-\$1,274,300 GPR and -\$1,911,500 FED) in 2014-15 to reflect savings due to program disenrollment; and (c) reduce MA benefits funding by \$175,300 (-\$70,100 GPR and -\$105,200 FED) in 2013-14 and by \$2,252,800 (-\$901,100 GPR and -\$1,351,700 FED) in 2014-15 to reflect projected increases in premium collections (\$175,300 PR in 2013-14 and \$2,252,700 PR in 2014-15).

If approved by the federal government, the administration estimates that these changes would reduce the number of individuals enrolled in MAPP from 22,200 in January, 2014, to 13,300 in June 2014, and that enrollment would thereafter increase to 13,900 by June, 2015. The administration expects all enrollees who disenroll from the MAPP program due to these changes would be eligible for other MA benefits. The administration estimates the number of MAPP enrollees who are required to pay premiums would increase from 3,000 to 7,800 over this period.

Under current law, individuals may be eligible for MA through the MAPP program if they: (a) have net income less than 250% of the federal poverty level (FPL); (b) have assets that do not exceed \$15,000; (c) are engaged in gainful employment or are participating in an employment program certified by DHS; (d) are at least 18 years old; and (e) would be eligible for supplemental security income (SSI) but for employment. Individuals are able to maintain an independence account that consists solely of savings from income earned while in MAPP, but may be required to pay premiums.

The bill makes changes to the MAPP program and other MA eligibility requirements to do the following: (a) base financial eligibility and premium calculations on total earned and unearned income; (b) expand current federal exclusions on earned income to unearned income; (c) create an additional \$500 per month disregard for an individual's out-of-pocket medical and remedial expenses and long-term care costs; (d) require enrollees qualifying through gainful employment to be working and paying or withholding applicable state and federal taxes to be eligible for MAPP; (e) require an individual to pay a premium if their total earned and unearned income is greater than the FPL for an individual, rather than for the individual's family size; (f) set the minimum premium at \$50 per month; and (g) exclude independence accounts for purposes of determining eligibility for various MA programs. Individuals eligible through participation in a certified employment program would not be required to pay or withhold taxes to remain eligible for MAPP. These and other provisions are described in greater detail below.

Independence Accounts and MA Eligibility. Require DHS or the Department's designee,

for the purposes of determining eligibility and any cost-sharing for certain MA programs, to exclude any assets accumulated in an independence account and any income or assets from retirement benefits earned or accumulated from employment income or employer contributions while the person was employed and eligible for and receiving MA through the MAPP program. These assets and income may only be excluded to the extent approved by federal law.

This provision would affect eligibility for various MA-related programs, including the MA standard plan, MA for medically indigent individuals, Family Care, home- and community-based long-term care waiver programs, MAPP, and individuals for whom MA pays Medicare Part A and/or Part B premiums and cost-sharing. Under current law, only the eligibility determination for medically indigent individuals excludes assets accumulated in an independence account.

Repeal a provision that requires DHS to exclude, for the purposes of determining medically indigent MA eligibility, any retirement assets that accrued while the applicant was eligible for the community options program (COP), or any other MA program, including deferred compensation or the value of retirement accounts in the Wisconsin Retirement System or under the federal Social Security Act, that does not exceed numerous property limits.

Earned and Unearned Income Exclusions for MAPP Eligibility. Require that an individual's and his or her spouse's total net income be less than 250% of the FPL for the individual's family size in order for the individual to be eligible for MAPP. Specify that, for the purposes of determining MAPP eligibility, federal exclusions that currently apply only to an individual's earned income would be applied to the individual's combined earned and unearned income. Require DHS to also exclude up to \$500 per month of the individual's out-of-pocket medical and remedial expenses and long-term care costs, if any.

Under current law, the individual's eligibility is based on the individual's family's income, including dependent children, but the Department's current practice is to only count the individual and his or her spouse's income.

Federal law currently provides an exclusion of the first \$780 of earned income per month for elderly, blind, and disabled individuals, plus half of any earned income that is not otherwise excluded. The costs of any services that are needed to help blind and disabled individuals work are excluded before half of their earned income is calculated. Blind and disabled individuals also have an exclusion for such additional amounts of other income that is necessary to fulfill the individual's plan for achieving self-support, if the plan has been approved by the Commissioner of Social Security.

Work Verification. Require DHS to verify income from work activity through documentation provided by the individual in order to determine if the individual's and spouse's income, after exclusions, is less than 250% of the FPL and whether the individual is engaged in gainful employment. Require that an individual be working and paying, or having withheld, federal social security and Medicare taxes and other applicable state or federal income taxes to be considered engaged in gainful employment for MAPP eligibility purposes. Require the individual to provide documentation of the taxes paid or withheld.

Premiums. Delete a provision that permits DHS to waive monthly premiums that are calculated to be less than \$10 per month. Set the minimum premium payable by an individual to be \$50 per month. Prohibit DHS from assessing premiums for individuals with total earned and unearned income below 150% of the FPL for an individual. Require DHS to disregard medical and remedial expenses, impairment-related work expenses, and a maintenance allowance established by DHS when calculating an individual's total earned and unearned income for premium determinations. Except for the \$50 per month minimum, set premiums equal to 3% of an individual's total earned and unearned income, after deductions, rounded down to the nearest \$25. Permit DHS to reduce the premium by 25% for an individual covered by private health insurance, except the premiums may not be reduced to less than the \$50 minimum.

Under current law, MAPP enrollees whose income, after adding earned and unearned income, is equal to at least 150% of the FPL for an individual are required to pay a monthly premium. Current rules require DHS to compare the individual's income to the FPL for his or her household. The amount of the premium may not exceed the sum of 3.5% of the individual's earned income after disregards and one hundred percent of the individual's unearned income after the maintenance allowance, medical and remedial expenses, and impairment-related work expenses deductions. DHS may reduce the premium by 25% for an individual covered by private health insurance and may waive monthly premiums that are calculated to be below \$10 per month. In practice, DHS calculates the premium amount using 3% of the individual's earned income and any unearned income, after deductions, greater than \$801 per month. In practice, DHS waives premiums less than \$25 per month.

Under current law, although DHS is prohibited from assessing premiums for individuals whose income, after adding earned and unearned income, is below 150% of the FPL, the prohibition may be superseded by a policy created by DHS through the JFC approval process created in 2011 Wisconsin Act 32. Effective January 1, 2015, Act 32 repeals this section and recreates it as it was before Act 32. The bill amends this section as described above, on January 1, 2014 or when DHS receives approval of these changes and the Legislative Reference Bureau (LRB) publishes them in the Wisconsin Administrative Register, whichever is later. On January 1, 2015, or after LRB publishes the approvals in the Wisconsin Administrative Register, whichever is later, the bill repeals and recreates this section again to reflect the changes described above.

Joint Finance/Legislature: Delete provision.

12. AGING AND DISABILITY RESOURCE CENTERS

FED	\$6,978,200
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Governor/Legislature: Provide \$3,183,700 (-\$295,900 GPR and \$3,479,600 FED) in 2013-14 and \$3,794,500 (\$295,900 GPR and \$3,498,600 FED) in 2014-15 to: (a) provide 12 months of funding in each year of the 2013-15 biennium for disability benefit specialists at aging and disability resource centers (ADRCs) that began offering services in the 2011-13 biennium, for which partial year funding was budgeted in 2012-13; and (b) reflect reestimates of the amount of federal matching funds that are currently available to support the costs of operating ADRCs.

The administration intends to forward \$539,200 GPR from funding budgeted for ADRC services in the 2011-13 biennium to fund the projected GPR need in the 2013-15 biennium. The availability of this carryover funding would permit DHS to reduce base GPR funding for ADRC contracts in 2013-14 and increase GPR funding in 2014-15, resulting in no GPR increase to support ADRCs in the 2013-15 biennium. Base funding for ADRC services is \$50,388,100 (\$37,779,500 GPR, \$877,400 FED -- Social Services Block Grant, and \$11,731,200 FED -- MA Administration).

ADRCs are currently operating in all 72 counties. DHS reimburses ADRCs for their operations costs, subject to an upper reimbursement limit. DHS determines the reimbursement limit for each ADRC based on the proportion of the state's adult population living in the ADRC's service area and the activities the ADRC is required to perform. The reimbursement limit is \$487,301 per 1% of the state population served by the ADRC. ADRCs with costs that exceed the state's reimbursement limit are responsible for funding approximately 72% of costs that exceed the reimbursement limit, as DHS claims federal (MA-administration) matching funds to support approximately 28% of these costs.

13. ICF-ID BED ASSESSMENT

Governor/Legislature: Reduce funding by \$935,400 (\$245,600 GPR, -\$552,100 FED, and -\$628,900 SEG) in 2013-14 and by \$1,416,700 (\$601,700 GPR, -\$832,800 FED, and -\$1,185,600 SEG) in 2014-15 and reduce estimated revenues to the MA trust fund by \$628,900 in 2013-14 and by \$1,185,600 in 2014-15 to reflect the estimated fiscal effect of repealing a formula that annually calculates the amount of the monthly bed assessment paid by intermediate care facilities for the intellectually disabled (ICFs-ID), and instead, establishing the amount of the bed assessment by statute at the current level (\$910 per month). The administration estimates that under the current formula, the monthly ICF-ID bed assessment would increase to \$980 in 2013-14 and to \$1,050 in 2014-15.

SEG-REV	- \$1,814,500
GPR	\$847,300
FED	- 1,384,900
SEG	- 1,814,500
Total	- \$2,352,100

Under current law, prior to each fiscal year, DHS is required to determine the ICF-ID bed assessment for the next fiscal year by multiplying the projected annual gross revenues of all ICFs-ID in the state by 0.055, dividing the product by the number of licensed beds of ICF-IDs in the state and dividing the quotient by 12. This item would repeal this provision and a related provision that permits DHS to reduce the assessment during a fiscal year to avoid collecting more than 5.5 percent of the aggregate gross revenues of ICFs-ID during the fiscal year (a federal limit that applies to all state health care provider taxes).

[Act 20 Sections: 1230 and 1231]

14. ELIMINATE INDEPENDENT LIVING CENTERS TRANSFER

PR	- \$1,200,000
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Governor/Legislature: Reduce funding by \$600,000 annually to reflect that the Department of Workforce Development (DWD) would no longer transfer funding DWD receives

from the U.S. Social Security Administration to DHS to provide grants to independent living centers (ILCs). Under the bill, DWD would distribute federally-funded grants directly to ILCs, while DHS would continue to distribute GPR-funded grants.

ILCs are community-based, nonresidential private nonprofit agencies that: (a) are designed and operated within a local community by individuals with disabilities; and (b) provide an array of independent living services. Currently, DHS uses GPR and federal funds transferred from DWD to provide grants to eight ILCs throughout the state. A complete description of this item is summarized under "Workforce Development."

15. DISPROPORTIONATE SHARE HOSPITAL PAYMENTS

GPR	\$30,000,000
FED	43,520,700
Total	\$73,520,700

Joint Finance/Legislature: Increase funding for MA benefits by \$36,792,000 (\$15,000,000 GPR and \$21,792,000 FED) in 2013-14 and \$36,728,700 (\$15,000,000 GPR and \$21,728,700 FED) in 2014-15 to fund disproportionate share hospital (DSH) payments. Provide this as one-time funding in the 2013-15 biennium. In session law provisions, require DHS to distribute the DSH funding as follows.

First, specify that a hospital may qualify for a DSH payment if it meets the following criteria: (a) it is located in Wisconsin; (b) it provides a wide array of services, including an emergency department; (c) it had MA inpatient days of at least 6% of total inpatient days during the most recent year for which such information is available; and (d) it meets all applicable requirements under federal law relating to eligibility for DSH payments.

Second, require DHS to distribute the DSH funding as follows: (a) distribute the total amount of DSH funding through an MA inpatient fee-for-service base rate add-on that would be adjusted by a "slope factor" of .75 that increases a hospital's overall fee-for-service add-on percentage as the hospital's percentage of MA inpatient days increases; (b) specify that the base rate add-on percentage shall be established at a level that ensures that the total amount of available DSH funding is distributed annually; and (c) limit the maximum DSH payment so that no individual hospital could receive more than \$2,500,000 (all funds) annually.

Require DHS to seek the necessary federal approval for the DSH payment methodology described above, and to implement the methodology if such approval is received. In addition, in the event DHS negotiates a DSH payment methodology that differs from that described above, require DHS to submit the terms of that methodology to the Joint Committee on Finance for approval under a 14-day passive review process before DHS can implement that payment methodology.

[Act 20 Section: 9118(4c)]

16. MA QUARTERLY REPORTS [LFB Paper 328]

Joint Finance/Legislature: Require DHS to continue to submit quarterly reports to the Joint Committee on Finance containing the following information on the state's MA program:

(a) updated descriptions of any MA program changes implemented by DHS, including a description of any amendments to the state MA plan; (b) updated estimates of savings that DHS expects to realize as a result of program changes; and (c) updated projections of the total MA benefit expenditures during the biennium and an analysis of how these projected expenditures compare to the funding provided in the 2013-15 and subsequent biennial budget acts.

[Act 20 Sections: 1043s, 1043t, and 9418(8)]

17. COMMUNITY-BASED LONG-TERM CARE PROJECTION AND REPORT [LFB Paper 327]

Joint Finance/Legislature: Require DHS to develop a comprehensive projection of the expected future change in the need for publicly funded community-based long-term care. Direct the Department to include consideration of: (a) projected future growth trends in populations likely to access services; (b) potential or projected shifts in the use of Medicaid-allowable alternatives for this population; (c) the comparative cost efficiency of Medicaid-allowable services options to meet the needs of this population; (d) strategies to control the growth in Medicaid long-term care costs; and (e) strategies to promote keeping individuals in their own homes to reduce or delay entry into publicly-funded long-term care programs. Require DHS to submit a report summarizing the results of this analysis to the Joint Committee on Finance by December 14, 2013.

[Act 20 Section: 9118(3q)]

18. WAIVER FOR SELF-DIRECTED SERVICES FOR INDIVIDUALS WHO RECEIVE POST-SECONDARY EDUCATION ON THE GROUNDS OF AN INSTITUTION

Joint Finance/Legislature: Direct DHS to request a waiver from the Centers for Medicare and Medicaid Services (CMS) to receive federal financial participation for home- and community-based services provided to developmentally disabled individuals who receive post-secondary education on the grounds of health care institutions. Specify that the setting in which the developmentally disabled individuals receive post-secondary education must be distinguished from the health care institution, and limit participation in the program to no more than 100 individuals per month per year.

Specify that the services, financial eligibility, and functional eligibility for this program would be identical to those offered under the current self-directed services option, also known as IRIS (Include, Respect, I Self-direct), except that enrollees must receive post-secondary education to be eligible. Require DHS to determine funding for waiver participants based on what these individuals would have received if enrolled in the IRIS program.

Veto by Governor [H-47]: Modify the bill so that the waiver is for developmentally disabled individuals who receive post-secondary education on the grounds of, but in a setting distinguished from, an institution rather than a health care institution. In addition, modify the bill so that DHS is required to determine funding for the waiver participants without the requirement

that funding be based on what these individuals would have received if enrolled in the IRIS program.

[Act 20 Section: 834h]

[Act 20 Vetoed Section: 834h]

19. FAMILY CARE ENROLLEES ADMITTED TO THE MENTAL HEALTH INSTITUTES

Joint Finance/Legislature: Provide \$500,000 GPR in 2013-14 in one-time funding for the 2013-15 biennium, in the Joint Finance Committee program supplements appropriation, to fund a portion of additional costs counties incur to support services provided by the state mental health institutes (MHIs) to certain Family Care enrollees. Create the following session law provisions.

First, authorize DHS to reimburse counties for county costs in cases where a Family Care enrollee is admitted to a MHI, if funding is released by the Joint Committee on Finance for this purpose. Provide that, if approved by the Committee, DHS may reimburse a county for 50% of the non-federal share of the cost of care incurred by the county for days 31 through 60 following the admission, 75% of the non-federal share of the cost of care for days 61 through 90, and all of the cost of care at the MHIs for days exceeding 90 days. Authorize DHS to fund these non-federal costs for a Family Care enrollee's stay at the MHIs.

Second, require DHS to submit a report to the Joint Committee on Finance by September 1, 2013, that identifies issues relating to cost liability for counties with residents who were formerly enrolled in Family Care who are admitted to the MHIs. Require DHS to request the release of these funds following the submission of the report under s. 13.10 of the statutes. Specify that, in addition to Family Care enrollees admitted on or after the effective date of the bill, state funding could be provided to support county costs of Family Care enrollees who were at the MHIs on the effective date of the bill, according to the individual's total length of stay since they were admitted to the MHIs. Specify that the state's financial liability for services is limited to services provided at the MHIs before July 1, 2015.

In addition, make the following permanent statutory changes. First, require DHS to notify a county that has financial responsibility for each individual who is admitted at a MHI within 48 hours after the individual is admitted for services. Second, require every Family Care managed care organization (MCO) to maintain for each Family Care member a record of individuals that can be contacted in case of emergency. Third, require counties and MCOs to create one emergency plan for every individual that DHS determines is at substantial risk of being admitted to the MHIs. Require DHS to establish criteria to make this determination. Specify that the emergency plan would consist of an emergency contact in case the individual is admitted and a potential placement for when the individual would be discharged from the MHIs. Fourth, specify that, if a Family Care enrollee is admitted to an MHI the financially responsible county, the county that approved the admission, and the MCO must create a team to coordinate a new placement for the individual. Specify that the team would consist of the individual's guardian or emergency contact, a social worker from each county involved, a social worker from the MCO, a psychiatrist or psychologist, and an individual representing a law enforcement agency.

Veto by Governor [F-41]: Delete provision.

[Act 20 Vetoed Sections: 347j, 347k, 831f, 831p, 9118(5e), and 9418(10e)]

20. NURSING HOME REIMBURSEMENT -- RICHLAND COUNTY LABOR REGION

Joint Finance/Legislature: Require DHS, for the purposes of setting MA reimbursement rates for nursing homes, to treat Richland County as a single labor region with the counties of Dane, Iowa, Columbia, Sauk, Rock, and Dodge, and to adjust payments so that the direct care cost targets of facilities in Dane, Iowa, Columbia, and Sauk Counties are not reduced as a result of including facilities in Richland County in this labor region.

[Act 20 Section: 1045c]

Medical Assistance and FoodShare -- Administration

1. FOODSHARE WORK REQUIREMENTS AND EMPLOYMENT AND TRAINING PROGRAM [LFB Paper 335]

	<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	\$16,779,900	18.64	-\$2,360,400	0.00	\$14,419,500	18.64
FED	<u>18,973,800</u>	<u>17.36</u>	<u>-2,360,400</u>	<u>0.00</u>	<u>16,613,400</u>	<u>17.36</u>
Total	\$35,753,700	36.00	-\$4,720,800	0.00	\$31,032,900	36.00

Governor: Provide \$188,400 (\$94,200 GPR and \$94,200 FED) in 2013-14 and \$35,565,300 (\$16,685,700 GPR and \$18,879,600 FED) in 2014-15, and 4.00 positions (2.00 GPR positions and 2.00 FED positions) beginning in 2013-14, and 36.00 positions (18.64 GPR positions and 17.36 FED positions), beginning in 2014-15 to support the FoodShare employment and training (FSET) program. This funding and staff increase would be provided in conjunction with a reinstatement of FoodShare work requirements for able-bodied adults without dependents (ABAWDs), as authorized under federal law. FoodShare is Wisconsin's version of the federal supplemental nutrition assistance program (SNAP), which provides federal benefits for purchasing food from participating retailers.

FoodShare Work Requirement Policy. Currently, Wisconsin and most other states do not impose work requirements on ABAWDs as a condition of receiving SNAP benefits. The bill would permit DHS to implement a policy that conforms to federal law regarding work requirements for ABAWDs. Under this policy, all ABAWDs would be required to work an average of 20 hours per week, participate in and comply with the requirements of a work program for 20 hours per week, spend 20 hours per week in any combination of work and

participation in a work program, or participate in and comply with a workfare program.

The bill would: (a) specify that if an ABAWD does not fulfill the work requirement, DHS could limit the individual's eligibility for SNAP to no more than three months during a three-year period; (b) permit DHS to exempt up to 15% of ABAWDs participating in FoodShare from the time limits; and (c) require DHS to request a waiver or an amendment to the waiver from the Department of Agriculture to permit DHS to implement the policy, if DHS determines that a waiver or amendment to a waiver is necessary to implement this policy.

The bill would define "able-bodied adult" to mean an individual who is not any of the following: (a) younger than 18 years of age; (b) 50 years of age or older; (c) has been determined by DHS to be physically or mentally unfit for employment; (d) is a parent of, or resides in a household with, a household member who is under 18 years of age (even if that person under 18 years of age does not qualify for FoodShare); (e) is otherwise exempt under federal law from the work requirement; or (f) is pregnant. In addition, the bill would specify that any FoodShare recipient who is the caretaker of a child under the age of six years would not be required to participate in FSET. Current law exempts caretakers of children under the age of 12 weeks.

The bill would: (a) modify a federal appropriation that currently supports costs of contracting for the administration of income maintenance programs to, in addition, support the FSET program; (b) clarify that the current definition of an "income maintenance program," as it relates to the administration of public assistance programs by the state and multi-county consortia, excludes the FSET program; and (c) authorize DHS to administer the FSET program by contracting with local workforce development boards and other organizations (in addition to county departments, multi-county consortia and tribal governing bodies), a provision that would first apply to any contracts made on or after the effective date of the bill.

Funding Components. The funding in the bill would support the following: (a) additional FSET services due to increased ABAWD participation in that program, with estimated program costs of \$125 per participant per month; (b) incentive payments DHS would provide to contracting agencies to encourage the continuation of relationships between new regional contractors and FSET providers, and to retain local funds for the program; (c) funding to support additional administrative activities local income maintenance staff and staff in the Milwaukee Enrollment Services Center (MILES) would conduct to implement the work requirement policy; (d) contracted costs for modifications to the client assistance for reemployment and economic support (CARES) eligibility system, a program evaluation, hearings and appeals, and postage; and (e) DHS central office staff.

Although not specified in the bill, the administration indicates that it would phase in the ABAWD work requirements as follows (a) Racine, Kenosha and Walworth Counties in July, 2014; (b) three Workforce Development areas in October, 2014; and (c) statewide implementation by January, 2015. Once fully implemented, the administration estimates that an additional 35,600 non-exempt ABAWDs would participate in the FSET program, based on an assumption that 50% of non-exempt ABAWDs would participate in FSET and continue receiving FoodShare benefits.

Under this phase-in schedule, additional funding would be required in the 2015-17

biennium to reflect the full implementation of this proposal. The administration estimates that an additional \$10 million GPR will be needed annually, beginning in 2015-16, to fully fund the annualized costs of this proposal.

Joint Finance/Legislature: Reduce funding by \$2,360,400 GPR and \$2,360,400 FED in 2014-15 to reflect revised estimates of the number of ABAWDs who would be subject to the policy described above. The funding in the bill was based on an estimate that the policy would apply to approximately 76,000 ABAWDs; after the introduction of the bill, that number was revised to approximately 62,700. Under this revised estimate, an additional \$7.8 million GPR would be needed annually, beginning in 2015-16, to fully fund the annualized costs of this proposal.

Require DHS on each January 1, beginning on January 1, 2015, to provide a report to the appropriate standing committees of the Legislature, and the Joint Committee on Finance, that includes the following information: (a) the results of the Department's ongoing evaluation of work requirement policy to analyze the employment outcomes for participants in the program, as available; (b) an estimate of the number of ABAWDs subject to the time limit on FoodShare benefits who participated in the program in the previous 12 months; (c) the number of ABAWDs subject to the time limit on FoodShare benefits who disenrolled from the FoodShare program in the previous 12 months; and (d) a discussion of the impacts of the work requirement on the payment error rate under the FoodShare program, and on the workloads of the income maintenance consortia and MILES.

Create continuing GPR and FED appropriations for FSET services, and transfer base funding and the funding provided under this item to those appropriations.

The following table shows the total funding and positions provided in 2014-15 by component described above, after the funding reduction adopted by the Legislature:

**2014-15 Funding and Position Summary*
Act 20**

	<u>GPR</u>	<u>FED</u>	<u>Total</u>
FSET Costs			
FSET Services	\$10,295,000	\$12,663,400	\$22,958,400
Incentive Payments to Regional Contractors	775,000	775,000	1,550,000
Administrative Costs			
Income Maintenance Consortia Costs	\$1,674,100	\$1,545,400	\$3,219,500
Milwaukee Enrollment Services (MILES)	594,400	548,600	1,143,000
CARES Modifications	500,000	500,000	1,000,000
Program Evaluation	225,000	225,000	450,000
DHS Central Office Staff	149,000	149,000	298,000
Hearings and Appeals	102,600	102,600	205,200
Postage	<u>10,200</u>	<u>10,200</u>	<u>20,400</u>
Total	\$14,325,300	\$16,519,200	\$30,844,500
Positions			
MILES	16.64	15.36	32.00
DHS Central Office	<u>2.00</u>	<u>2.00</u>	<u>4.00</u>
Total	18.64	17.36	36.00

* In 2013-14, Act 20 would provide \$188,400 (\$94,200 GPR and \$94,200 FED) and 4.0 positions (2.0 GPR and 2.0 FED) for DHS central office administrative staff.

Veto by Governor [H-45]: Delete the requirement that DHS provide a report regarding the FoodShare work requirement on each January 1, beginning on January 1, 2015, to the Joint Committee on Finance and the appropriate standing committees of the Legislature.

[Act 20 Sections: 350b, 350c, 357c, 357g, 1211, 1211m, 1211n, 1212 thru 1215, 1216, and 9318(9)]

[Act 20 Vetoed Section: 1215m]

2. MA ADMINISTRATION -- IMPLEMENT THE AFFORDABLE CARE ACT AND OTHER FEDERAL REQUIREMENTS [LFB Paper 329]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$35,778,100	44.50	\$687,700	- 0.50	\$36,465,800	44.00
FED	<u>40,677,800</u>	<u>44.50</u>	<u>611,800</u>	<u>- 0.50</u>	<u>41,289,600</u>	<u>44.00</u>
Total	\$76,455,900	89.00	\$1,299,500	- 1.00	\$77,755,400	88.00

Governor: Provide \$43,795,200 (\$18,948,100 GPR and \$24,847,100 FED) in 2013-14 and \$32,660,700 (\$16,830,000 GPR and \$15,830,700 FED) in 2014-15 and 89.0 positions (44.5

GPR positions and 44.5 FED positions), beginning in 2013-14, to fund projected increases in costs the administration expects DHS and local income maintenance agencies to incur as a result of implementing the federal Patient Protection and Affordable Care Act (ACA) and in conjunction with the BadgerCare Plus eligibility changes in the bill, as well as to meet other federal requirements relating to eligibility for MA and FoodShare.

Income Maintenance. Increase funding DHS allocates to local income maintenance consortia by \$18,873,200 (\$9,814,100 GPR and \$9,059,100 FED) in 2013-14 and by \$19,287,700 (\$10,029,600 GPR and \$9,258,100 FED) in 2014-15 and increase funding for Milwaukee Enrollment Services (MILES) by \$9,722,200 (\$5,055,500 GPR and \$4,666,700 FED) in 2013-14 and by \$5,668,300 (\$2,947,500 GPR and \$2,720,800 FED) to support 71.0 ongoing additional positions to perform eligibility determinations and manage cases (income maintenance functions).

Contracted Services. Increase funding for contracted services by \$13,225,800 (\$3,091,500 GPR and \$10,134,300 FED) in 2013-14 and by \$6,392,700 (\$3,196,900 GPR and \$3,195,800 FED) in 2014-15. This funding would support the costs of modification to the client assistance for reemployment and economic support (CARES) eligibility system to implement the ACA's requirement that states use modified adjusted gross income (MAGI) as the basis for income eligibility determinations and to enable the CARES system to operate in conjunction with the health benefit exchange. In addition, funding would be provided to support modifications to the state's Medicaid management information system (MMIS), and other contracted costs. Last, the Department will use these funds to implement non-ACA federally required systems modifications. These include systems changes to meet new medical coding requirements, implement federally required enhanced payments to providers who use electronic health records, and comply with the next iteration of federal requirements under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

ACA Implementation Staff. Provide \$1,624,000 (\$812,000 GPR and \$812,000 FED) in 2013-14 and \$812,000 (\$406,000 GPR and \$406,000 FED) in 2014-15 to support 18.0 project positions (9.0 GPR and 9.0 FED project positions, budgeted for 18 months), beginning in 2013-14, to perform project management tasks, administrative support, training for state and local IM staff, policy implementation, systems work (including facilitating the exchange of data between CARES and the health benefit exchange, facilitating the implementation of MAGI, systems and user acceptance testing, communications and outreach, and technical assistance to the IM consortia).

Inpatient Hospital Services for Inmates. Provide \$350,000 (\$175,000 GPR and \$175,000 FED) in 2013-14 and \$500,000 (\$250,000 GPR and \$250,000 FED) in 2014-15 to implement provisions in the bill to provide MA-funded inpatient hospital services to prisoners. This funding would be used to create new eligibility codes, identify eligible billing codes, and meet reporting requirements relating to services provided to these individuals.

Joint Finance/Legislature: Modify the bill as follows.

Income Maintenance -- Consortia. Increase funding for the IM consortia by \$5,809,100

(\$3,020,700 GPR and \$2,788,400 FED) in 2013-14 and reduce funding by \$5,446,000 (-\$2,831,900 GPR and -\$2,614,100 FED) in 2014-15.

Income Maintenance Staff -- Miles. Increase funding for Miles by \$1,816,200 (\$944,400 GPR and \$871,800 FED) in 2013-14 and reduce funding for Miles by \$279,200 (-\$145,200 GPR and -\$134,000 FED) in 2014-15 and delete 1.0 position (-0.50 GPR position and -0.50 FED position), beginning in 201-14.

DHS Central Management Staff. Reduce funding by \$400,400 (-\$200,200 GPR and -\$200,200 FED) in 2013-14 and by \$200,200 (-\$100,100 GPR and -\$100,100 FED) in 2014-15 to fund the additional central management staff positions at current minimum salary levels for each classification.

The following table identifies the total funding that would be provided for this item.

**Summary of Funding and Positions
Act 20**

	2013-14			2014-15		
	<u>GPR</u>	<u>FED</u>	<u>Total</u>	<u>GPR</u>	<u>FED</u>	<u>Total</u>
Income Maintenance						
County Consortia	\$12,834,800	\$11,847,500	\$24,682,300	\$7,197,700	\$6,644,000	\$13,841,700
Miles	5,999,900	5,538,500	11,538,400	2,802,300	2,586,800	5,389,100
Contracted Services	3,091,500	10,134,300	13,225,800	3,196,900	3,195,800	6,392,700
Central Management	611,800	611,800	1,223,600	305,900	305,900	611,800
Inpatient Hospital Services for Inmates	<u>175,000</u>	<u>175,000</u>	<u>350,000</u>	<u>250,000</u>	<u>250,000</u>	<u>500,000</u>
Total	\$22,713,000	\$28,307,100	\$51,020,100	\$13,752,800	\$12,982,500	\$26,735,300
Positions						
Miles	35.00	35.00	70.00	35.00	35.00	70.00
Central Management	<u>9.00</u>	<u>9.00</u>	<u>18.00</u>	<u>9.00</u>	<u>9.00</u>	<u>18.00</u>
Total	44.00	44.00	88.00	44.00	44.00	88.00

3. MA AND FOODSHARE ADMINISTRATION [LFB Paper 336]

	<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	\$17,404,700	14.00	-\$2,856,600	- 3.50	\$14,548,100	10.50
FED	<u>7,778,600</u>	<u>14.00</u>	<u>- 3,802,300</u>	<u>- 3.50</u>	<u>3,976,300</u>	<u>10.50</u>
Total	\$25,183,300	28.00	-\$6,658,900	- 7.00	\$18,524,400	21.00

Governor: Provide \$12,069,900 (\$8,279,400 GPR and \$3,790,500 FED) in 2013-14 and \$13,113,400 (\$9,125,300 GPR and \$3,988,100 FED) in 2014-15 and 28.0 positions (14.0 GPR

positions and 14.0 FED positions), beginning in 2013-14, to increase funding for contracted services and to support additional state staff to administer the MA and FoodShare programs. Administrative activities include DHS staff (including state staff that perform income maintenance function at the Milwaukee Enrollment Services Center (MiES), centralized income maintenance services, the MA program's fiscal agent contract, support for the client assistance for reemployment and economic support (CARES) eligibility system, the electronic benefit transfer contract for the FoodShare program, other major external contracts for rate setting, actuarial analysis, data exchanges and consultant services, and inter-agency agreements.

Joint Finance/Legislature: Modify the bill as follows.

a. *Funding Reestimate.* Increase funding by \$443,200 (-\$142,300 GPR and \$585,500 FED) in 2013-14 and reduce funding by \$2,174,000 (-\$220,800 GPR and -\$1,953,200 FED) in 2014-15 to reflect reestimates of the amount of funding that would be required to support the administrative supplies and services that are included in this item, based on revised estimates of available funding and program costs.

b. *MiES Staff.* Reduce funding by \$425,700 GPR and \$470,900 FED annually and delete 7.0 positions (-3.50 GPR positions and -3.50 FED positions), beginning in 2013-14, to reduce funding and staff for Milwaukee Enrollment Services (MiES).

c. *Inflationary Increases.* Reduce funding by \$366,700 (-\$193,800 GPR and -\$172,900 FED) in 2013-14 and by \$768,200 (-\$448,300 GPR and -\$319,900 FED) in 2014-15 to delete funding that would be provided to fund inflationary increases for administrative supplies and services.

d. *Fiscal Agent Contract -- Health Efficiency Projects.* Reduce funding by \$1,000,000 (-\$500,000 GPR and -\$500,000 FED) annually to reduce the amount of funding that would be budgeted for the fiscal agent to implement health care efficiencies projects.

e. *MMIS Changes to Improve Expenditure Reporting.* Modify the Governor's recommendation to provide \$500,000 GPR and \$500,000 FED in both 2013-14 and 2014-15 by allocating these amounts as one-time funding, rather than as ongoing funding.

f. *Transfer Contracted Services Funding.* Transfer funding budgeted for centralized income maintenance data processing services (\$2,716,500 GPR and \$2,716,500 FED in 2013-14 and \$2,796,900 GPR and \$2,796,900 FED in 2014-15) and funding to support part of the costs of the fiscal agent contract (\$132,700 GPR annually) from the Division's general program operations appropriation to the appropriations that fund contracted services.

4. MA ELIGIBILITY -- ELECTRONIC RESIDENCY VERIFICATION

GPR	- \$8,429,100
FED	- 12,057,000
Total	- \$20,486,100

Governor/Legislature: Reduce funding by \$6,312,300 (-\$2,638,800 GPR and -\$3,673,500 FED) in 2013-14 and by \$14,173,800 (-\$5,790,300 GPR and -\$8,383,500 FED) in 2014-15 to reflect the net fiscal effect of implementing an electronic

state residency verification system.

Statutory Change. Require DHS, for the purpose of determining eligibility or continued eligibility, to electronically verify the residence of an applicant for, or recipient of MA. Provide that if DHS is unable to verify the applicant's or recipient's residence electronically, the applicant or recipient must provide adequate proof of residency, in the manner determined by DHS, to be eligible for MA. Specify that the new requirement would take effect on January 1, 2014, and would first apply to applications received or continued eligibility reviews commenced on that date.

Provide that the requirements would not apply to any of the following: (a) an individual who is receiving benefits under the FoodShare program or under the temporary assistance for needy families (TANF) block grant program and who presented an acceptable form of residency verification for receipt of those benefits; (b) an individual who resides in a nursing home, intermediate care facility, inpatient psychiatric hospital, or other residential care facility and whose care in the facility is paid for by MA; and (c) a child residing in a foster care placement under the care and placement responsibility of a county department (or, in Milwaukee County, the Department of Children and Families).

Create and Operate a Data Exchange with DOT or Another Entity. Provide \$994,400 (\$339,700 GPR and \$654,700 FED) in 2013-14 and \$439,600 (\$201,000 GPR and \$238,600 FED) in 2014-15 to fund modifications to the client assistance for re-employment and economic support (CARES) system to enable income maintenance (IM) staff to make queries of DOT motor vehicles records and for CARES to accept data from DOT or some other electronic database. This funding would also support ongoing CARES costs and payments to DOT or other entity to support the data exchange.

Income Maintenance and Miles Costs. Provide \$143,300 (\$74,500 GPR and \$68,800 FED) in 2013-14 and \$286,600 (\$149,000 GPR and \$137,600 FED) in 2014-15 to fund the estimates of the costs county income IM consortia staff and state staff in Milwaukee Enrollment Services (MILES) would incur to electronically verify residency information.

Medical Assistance Benefits Savings. Reduce MA benefits funding by \$7,450,000 (-\$3,053,000 GPR and -\$4,397,000 FED) in 2013-14 and by \$14,900,000 (-\$6,140,300 GPR and -\$8,759,700 FED) in 2014-15 to reflect the administration's estimates of MA benefits savings that would result by implementing an electronic state residency verification system.

Current rules specify that MA applicants must be present in the state and express the intent of residing in the state in order to meet the program's residency requirements. IM staff request verification in certain cases, including when an applicant provides conflicting information or indicates they recently resided or received benefits in another state. However, there is currently no mechanism for electronic verification of state residency.

[Act 20 Sections: 1220, 9318(2), and 9418(1)]

5. THIRD PARTY LIABILITY AND SUBROGATION

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)		Funding Positions	Funding Positions
	Funding Positions		Funding	Positions	Funding	Positions
GPR	-\$2,181,900	7.88	\$0	- 5.50	-\$2,181,900	2.38
FED	<u>-2,473,700</u>	<u>10.12</u>	<u>0</u>	<u>- 6.00</u>	<u>- 2,473,700</u>	<u>4.12</u>
Total	-\$4,655,600	18.00	\$0	- 11.50	-\$4,655,600	6.50

Governor: Provide \$875,400 (\$281,500 GPR and \$593,900 FED) in 2013-14, reduce funding by \$5,531,000 (-\$2,463,400 GPR and -\$3,067,600 FED) in 2014-15 and provide 18.0 additional positions (7.88 GPR positions and 10.12 FED positions), beginning in 2013-14, to reflect the net effect of increasing efforts to identify and collect payments from liable third parties. These collections offset costs that would otherwise be funded with GPR and FED matching funds.

Require Third Parties to Accept Electronic Submission of Claims

Statutory Change. Require third parties to accept the submission of claims from DHS in electronic form and to timely pay the claims in a manner provided in Chapter 628 of the statutes (which specifies that a claim is overdue if not paid within 30 days after the insurer is furnished written notice of the fact of a covered loss and the amount of the loss.) For this purpose, specify that the "written notice" includes receipt of a claim in electronic format. Specify that this provision would first apply to claims that are submitted on the bill's general effective date.

Current Law. Currently, as a condition of doing business in the state, third parties (such as insurers, employee benefit plans, and third party administrators) must accept assignment to DHS of a right of an MA recipient to receive third party payment for an item or service for which payment under MA has been made, and accept the Department's right to recover any third party payment made for which assignment has not been accepted. Upon request by DHS, third parties are required to provide specified information within 180 days after receiving the request or within 30 days if DHS had previously requested the third party to disclose information. However, third parties are not required to accept electronic submissions of claims from DHS. DHS is required to reimburse third parties that provide requested information for the third party's reasonable costs, if any, to develop and operate automated systems specifically for the disclosure of the information.

Casualty and Tort Claims

Casualty claims refer to claims related to accidents and tort claims refer to claims resulting from an accident in which one person's behavior unfairly causes someone else to suffer loss or harm. Typically, the financial responsibility for these claims is assigned after an individual receives medical services, so the MA program may initially pay for these services, but then recover payments from the responsible party (such as automobile insurance policies and homeowners' insurance), a process known as subrogation. Subrogation currently involves income maintenance (IM) consortia, private entities contracted by DHS, managed care entities,

and, if litigated, staff from the DHS Office of Legal Counsel and the Department of Justice. Counties and tribal IM agencies retain 15% of collections, while the contracted vendor is paid a monthly fee in addition to a percentage of the collection amounts.

The bill would consolidate all subrogation activities for claims involving MA fee-for-service populations and supplemental security income (SSI) recipients so that state staff would perform subrogation functions currently performed by IM consortia and contracted vendors.

Fiscal Change

State Staff and Contracted Services. Provide \$1,086,200 (\$463,200 GPR and \$623,400 FED) in 2013-14 and \$1,324,600 (\$564,300 GPR and \$760,300 FED) in 2014-15 to fund 17.5 positions in the Division of Health Care Access and Accountability and 0.5 position in the Office of Legal Counsel to improve third party liability and collections (6.5 positions) and to centralize subrogation activities for MA fee-for-service and SSI-related populations (11.5 positions). In addition, provide \$150,000 (\$75,000 GPR and \$75,000 FED) annually to fund information technology systems changes provided by a contracted entity to implement these changes.

Estimated MA Benefit Savings -- Electronic Claims Submission. Reduce MA benefits funding by \$5,708,100 (-\$2,352,300 GPR and -\$3,355,800 FED) in 2014-15 to reflect projected savings that would result by requiring third parties to accept electronic submission of claims. The estimate assumes that DHS would be able to collect 50% of the following: (a) estimated non-pharmacy claims that are one to three years old; and (b) claims for vision services and dental services. Currently, DHS estimates that it collects approximately 2% of the amounts from these claims, using paper claim submissions. The 50% rate is similar to the current rate of collection for pharmacy third party liability claims, for which DHS currently contracts. The state currently uses an electronic billing process to recover non-pharmacy claims and claims that are less than one year old.

Estimated MA Benefits Savings -- Casualty and Tort Claims. Reduce MA benefits funding by \$361,200 (-\$256,700 GPR and -\$104,500 FED) in 2013-14 and by \$1,297,500 (-\$750,400 GPR and -\$547,100 FED) in 2014-15 to reflect estimated savings resulting from: (a) reductions in collections retained by a contracted vendor and county IM consortia for performing subrogation activities (-\$256,700 GPR and -\$104,500 FED in 2013-14 and -\$513,400 GPR and -\$208,900 FED in 2014-15); and (b) increased collections as subrogation functions are transitioned to state staff (-\$237,000 GPR and -\$338,100 FED in 2014-15).

Joint Finance/Legislature: Delete 11.5 positions (-5.5 GPR positions and -6.0 FED positions) for DHS to centralize subrogation activities for MA fee-for-service and supplemental security income (SSI) related populations. Instead, DHS would perform these services with contracted staff, rather than with state staff. Transfer \$289,200 GPR and \$322,100 FED in 2013-14 and \$345,700 GPR and \$386,200 FED in 2014-15 from the Division of Health Care Access and Accountability's general program operations appropriations to the Division's appropriations that support contracted services.

[Act 20 Sections: 1170 thru 1178 and 9318(1)]

6. FUNERAL AND CEMETERY AIDS [LFB Paper 338]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,979,600	\$996,800	\$3,976,400

Governor: Provide \$1,274,900 in 2013-14 and \$1,704,700 in 2014-15 to fund projected increases in costs of funeral and cemetery services to certain indigent individuals who were enrolled in MA or participating in Wisconsin Works at the time of their death. Under the program, the state pays the lesser of either: (a) the amount not covered by the estate or other persons; or (b) \$1,000 for cemetery reimbursement and \$1,500 for funeral and burial expenses. However, the program does not provide reimbursement for any cemetery expenses if the total cemetery expenses exceed \$3,500 and does not provide reimbursement for any funeral and burial expenses if the total funeral and burial expenses exceed \$4,500. Base funding for the program is \$8,594,000 annually.

Joint Finance/Legislature: Increase funding in the bill by \$490,600 GPR in 2013-14 and \$506,200 GPR in 2014-15 to reflect revised estimates of the amount of funding that would be needed to fund the program in the 2013-15 biennium. In total, \$10,359,500 GPR in 2013-14 and \$10,804,900 GPR in 2014-15 would be budgeted for the program. In addition, modify statutory provisions relating to the program to delete references to counties and tribes submitting claims for reimbursement under the program, since DHS currently reimburses funeral service providers and cemeteries directly for these services.

[Act 20 Sections: 1040g and 1211c thru 1211h]

7. CERTIFIED MEDICAL CODER POSITION [LFB Paper 337]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$1,457,500	0.50	-\$79,300	-0.50	-\$1,536,800	0.00
FED	<u>-2,134,000</u>	<u>0.50</u>	<u>-79,300</u>	<u>-0.50</u>	<u>-2,213,300</u>	<u>0.00</u>
Total	-\$3,591,500	1.00	-\$158,600	-1.00	-\$3,750,100	0.00

Governor: Reduce funding by \$1,179,100 (-\$476,800 GPR and -\$702,300 FED) in 2013-14 and by \$2,412,400 (-\$980,700 GPR and -\$1,431,700 FED) in 2014-15 to reflect the estimated net savings that would result by authorizing 1.0 additional position (0.5 GPR position and 0.5 FED position), beginning in 2013-14, to review DHS reimbursement policies and to ensure accuracy in the medical procedure codes DHS uses as the basis for reimbursing health care providers. This item includes: (a) funding to support a certified medical coder (\$35,500 GPR and \$35,500 FED in 2013-14 and \$43,800 GPR and \$43,800 FED in 2014-15); and (b) a reduction in MA benefits funding (-\$512,300 GPR and -\$737,800 FED in 2013-14,

and -\$1,024,500 GPR and -\$1,475,500 FED in 2014-15).

Joint Finance/Legislature: Delete the additional position that would be provided in the bill (-0.50 GPR position and -0.50 FED position), and reduce funding by \$71,000 (-\$35,500 GPR and -\$35,500 FED) in 2013-14 and by \$87,600 (-\$43,800 GPR and -\$43,800 FED) in 2014-15. Instead, require DHS to maintain at least 1.0 full-time equivalent certified medical coder position to improve payment accuracy for all services the MA program covers, beginning January 1, 2014.

Veto by Governor [H-46]: Delete the provision that would have required DHS to maintain at least 1.0 full-time equivalent certified medical codes position to improve payment accuracy for all services the MA program covers, beginning January 1, 2014.

[Act 20 Vetoed Section: 1043p]

8. CONVERT CONTRACTED STAFF TO STATE POSITIONS

	Funding	Positions
GPR	- \$245,500	10.38
FED	<u>- 257,200</u>	<u>10.37</u>
Total	- \$502,700	20.75

Governor/Legislature: Reduce funding by \$92,200 (-\$44,400 GPR and -\$47,800 FED) in 2013-14 and by \$410,500 (-\$201,100 GPR and -\$209,400 FED) in 2014-15 to reflect the net cost savings of converting 20.75 contracted staff that are currently employed by HP Enterprise Services (HP), to state positions (10.38 GPR positions and 10.37 FED positions), beginning in 2013-14.

This item includes the conversion of: (a) 7.0 FTE positions that administer estate recovery for the MA, community options, and Wisconsin chronic disease programs; (b) 4.0 FTE positions that analyze and implement MA program changes that are intended to reduce costs; (c) 3.0 FTE positions that work on information technology user acceptance testing; (d) 1.0 FTE position that provides local area network support; (e) 5.0 FTE positions that administer pay-for-performance policies, conduct managed care compliance monitoring, and provide liaison services; (f) 0.5 FTE position that conducts quality control activities to ensure that Wisconsin's FoodShare program meets federal Supplemental Nutrition Assistance Program (SNAP) standards; and (g) 0.25 FTE dental consultant position. The incumbent contracted staff would be required to enter a competitive recruitment for the new positions.

9. OFFICE OF THE INSPECTOR GENERAL

	Funding	Positions
FED	- \$469,400	- 2.00
PR	<u>469,400</u>	<u>2.00</u>
Total	\$0	0.00

Governor/Legislature: Beginning in 2013-14, transfer base funding and positions currently budgeted for the Division of Health Care Access and Accountability, the Division of Enterprise Services and the Office of the Secretary, and the Division of Public Health to five new appropriations to support the DHS Office of the Inspector General (OIG). The following table identifies these funding and position transfers.

Base Funding and Position Transfers for the Office of the Inspector General

	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
Positions				
Health Care Access and Accountability	36.90	55.50	0.60	93.00
Enterprise Services /Office of the Secretary	5.00	2.00	0.00	7.00
Public Health	<u>0.00</u>	<u>6.80</u>	<u>0.00</u>	<u>6.80</u>
Total Position Transfers	41.90	64.30	0.60	106.80
Conversion of 2.0 Positions from FED to PR	<u>0.00</u>	<u>-2.00</u>	<u>2.00</u>	<u>0.00</u>
Total Positions for OIG	41.90	62.30	2.60	106.80
Funding -- DHS Operations				
Health Care Access and Accountability	\$3,435,100	\$4,958,100	\$44,800	\$8,438,000
Enterprise Services /Office of the Secretary	546,800	234,700	0	781,500
Public Health	<u>0</u>	<u>585,600</u>	<u>0</u>	<u>585,600</u>
Subtotal -- Operations Funding Transferred	\$3,981,900	\$5,778,400	\$44,800	\$9,805,100
Funding -- Contracts				
External Quality Review	\$449,900	\$1,089,800	\$0	\$1,539,700
Income Maintenance Fraud Consortia	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>500,000</u>
Subtotal -- Funding for Contracts Transferred	\$699,900	\$1,339,800	\$0	\$2,039,700
Funding Summary				
Total Funding Transfers to OIG	\$4,681,800	\$7,118,200	\$44,800	\$11,844,800
Conversion of 2.0 Positions from FED to PR	0	-234,700	234,700	0
Federal Revenue Reestimate*	<u>0</u>	<u>657,700</u>	<u>0</u>	<u>0</u>
Total Annual Funding Budgeted for OIG	\$4,681,800	\$7,541,200	\$279,500	\$11,844,800

*Summarized under a separate item.

The net effect of these transfers is to convert \$234,700 in base FED funding to PR funding, and to convert 2.0 FED positions to PR positions, beginning in 2013-14.

Statutory Changes. Create the OIG in DHS. Create five OIG appropriations to support the following: (a) GPR-funded and FED-funded general program operations; (b) GPR-funded and FED-funded payments to local units of government to conduct program integrity activities; and (c) PR-funded program activities of OIG, supported from moneys received from other state agencies and moneys transferred within DHS

OIG was created in October, 2011 as part of a reorganization within DHS that combined auditors and other program integrity staff from the medical assistance (MA) and FoodShare programs in the Division of Health Care Access and Accountability, the women, infants and children (WIC) supplemental food program in the Division of Public Health, and Departmentwide audit and administrative staff in the Division of Enterprise Services and the Office of the Secretary. Although OIG operates as a single unit within DHS, base funding and position authority for OIG is currently budgeted in separate divisions within DHS. This item consolidates base funding and positions for OIG.

[Act 20 Sections: 39 and 364 thru 368]

**10. SUPPLEMENTAL FUNDING FOR KENOSHA COUNTY
INCOME MAINTENANCE AND HUMAN SERVICES**

GPR	\$1,500,000
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Joint Finance/Legislature: Provide \$750,000 in 2013-14 and \$750,000 in 2014-15 in one-time funding for DHS to provide to Kenosha County to support human service programs in that county in calendar years 2014 and 2015. Create a biennial appropriation for this purpose, and repeal the appropriation as of July 1, 2015.

In fiscal years 2011-12 and 2012-13, DHS made supplemental payments to Kenosha County, totaling \$1,500,000 GPR in each year, to assist the county in maintaining support for programs administered by the Kenosha County Human Services Department. The funding DHS used to make these payments in the 2013-15 biennium is deleted from the DHS base budget in the Governor's bill as part of the MA cost-to-continue item.

DHS made these payments based on its interpretation of provisions included in 2011 Wisconsin Act 32 (the 2011-13 biennial budget act). In modifying the Governor's 2011-13 budget recommendations relating to restructuring income maintenance services and funding, the Joint Committee on Finance established a maintenance-of-effort (MOE) requirement for Kenosha County's local contribution to support income maintenance (IM) activities and provided additional funding to offset the loss of county contributions the Governor's original bill had assumed would be available to support the IM consortia. The MOE provision in Act 32 was intended to partially offset the discontinuation of IM payments Kenosha County had received to support these services, beginning in calendar year 2012.

The county's programs that would be supported under this item: (a) provide services to stabilize families and to address mental health and substance abuse issues; (b) teach families conflict resolution skills; (c) support reunification efforts for children in foster care; (d) provide supervision, treatment and family visits for delinquent youth to prevent placements in correctional facilities and youth homes; (e) provide intensive case management for severely emotionally disturbed youth and their families to prevent psychiatric hospitalizations; and (f) provide in-home safety services for families at risk of child abuse.

[Act 20 Sections: 350g, 350h, and 9418(10c)]

11. ALLOCATIONS TO INCOME MAINTENANCE CONSORTIA

Joint Finance/Legislature: Repeal a current law provision that requires DHS to allocate funding to multi-county consortium on a risk-adjusted caseload basis. Instead, require DHS to allocate funding to income maintenance consortia using a method determined by the Department that includes the number of cases for which each consortium is responsible and the complexity of those cases.

Veto by Governor [H-44]: Delete the requirement that the Department's reimbursement methodology include the number of cases for which each consortium is responsible and the complexity of those cases. Consequently, DHS would reimburse each multi-county consortium

by using a method determined by the Department.

[Act 20 Section: 1211b]

[Act 20 Vetoed Section: 1211b]

12. CONTRIBUTIONS TO IRREVOCABLE BURIAL TRUSTS

Joint Finance/Legislature: Modify a provision enacted in 2011 Wisconsin Act 32 that requires DHS to seek approval from the federal Centers for Medicare and Medicaid Services to permit friends and family members of any MA recipient to contribute funds to an irrevocable burial trust for the recipient, up to the total irrevocable trust amount of \$4,500, without the individual losing MA eligibility, by deleting the reference to "family and friends." Consequently, only the MA recipient could make such contributions and retain MA eligibility, if CMS approves this change. Require DHS to seek approval of this change no later than 60 days after July 1, 2013.

[Act 20 Section: 1090f]

13. VOLUNTARY RETURN OF FOODSHARE BENEFITS

Joint Finance/Legislature: Require DHS, when determining FoodShare eligibility or modifying a benefit amount, to allow a recipient to elect to receive a FoodShare benefit amount that is less than the amount for which the recipient is eligible, to the extent permitted under federal law.

Veto by Governor [H-43]: Delete provision.

[Act 20 Vetoed Section: 1211v]

Other Health Programs and Departmentwide

1. SUPPLEMENTAL SECURITY INCOME

Governor/Legislature: Provide \$5,636,800 (\$3,181,000 GPR and \$2,455,800 PR) in 2013-14 and \$8,054,000 (\$5,598,200 GPR and \$2,455,800 PR) in 2014-15 to fund projected supplemental security income (SSI) state supplement and caretaker supplement benefit payments. SSI provides federal and GPR-funded benefits to low-income elderly, blind, or disabled individuals. Recipients with dependent children may also receive a caretaker supplement funded by federal temporary assistance to needy families (TANF) funds transferred as program revenue from the Department of Children

GPR	\$8,779,200
PR	4,911,600
Total	\$13,690,800

and Families (DCF).

SSI State Supplement. Provide \$3,181,000 GPR in 2013-14 and \$5,598,200 GPR in 2014-15 to fully fund projected costs of SSI state supplement benefits. Wisconsin provides GPR-funded payments to supplement federal SSI benefits. Base funding for these state payments is \$146,868,700, budgeted in a sum sufficient appropriation. Approximately 116,000 individuals received state supplemental payments (including the basic supplement of \$83.78 per month for single individuals and the exceptional expense benefit of \$95.99 per month for certain individuals with high care costs). A total of \$149,190,200 GPR in 2013-14 and \$151,607,400 GPR in 2014-15 would be budgeted for these payments, which includes the base budget, the funding requested under this item, and a correction to an error from 2011 Act 32.

SSI Caretaker Supplement. Provide \$2,455,800 PR annually to fully fund projected costs of SSI caretaker supplement benefit payments. DHS provides a monthly payment to SSI recipients with children (\$250 for the first dependent child and \$150 for each additional dependent child). Base TANF funding for the caretaker supplement is \$29,561,900. DHS projects that caretaker supplement benefit payments will total \$32,017,700 PR in each year of the 2013-15 biennium.

In addition to funding for SSI caretaker supplement payments, DCF currently transfers \$1,670,300 PR annually to support DHS' costs of administering caretaker supplement payments. This transfer amount would not change under the bill.

2. HIV/AIDS PROGRAMS [LFB Paper 345]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$5,039,300	\$200,000	\$5,239,300
FED	15,700	0	15,700
PR	<u>8,858,500</u>	<u>0</u>	<u>8,858,500</u>
Total	\$13,913,500	\$200,000	\$14,113,500

Governor: Provide \$2,637,000 (-\$64,500 FED and \$2,701,500 PR) in 2013-14, and \$11,276,500 (\$5,039,300 GPR, \$80,200 FED, and \$6,157,000 PR) in 2014-15 to fully fund the estimated costs of the AIDS/HIV drug assistance program (ADAP) and the health insurance premium subsidy program in the 2013-15 biennium. This item would provide additional GPR funding to address a projected program deficit in 2014-15, and reflects reestimates of federal Ryan White grant funding, and PR rebate revenue the state will receive on ADAP drug purchases.

ADAP pays for certain drugs provided to HIV-positive Wisconsin residents with family income under 300% of the federal poverty level (FPL). The health insurance premium subsidy program subsidizes private insurance premiums for individuals with family income under 300% of the FPL if they have an HIV-related condition that required them to reduce or end their employment. These programs are supported by GPR, federal Ryan White grants funds, rebates

on ADAP drug purchases, and Medicaid or other insurance payment. DHS projects ADAP and insurance program costs will total approximately \$27.3 million (all funds) in 2013-14, and approximately \$32.5 million (all funds) in 2014-15.

Joint Finance/Legislature: Adopt the Governor's recommendations related to ADAP and the health insurance subsidy program, as described above. In addition, specify that the non-federal portion of the HIV/AIDS medical home initiative and enhanced reimbursement for care coordination services be funded from the GPR appropriation for MA benefits, rather than from the GPR appropriation that supports the state's HIV/AIDS programs. Provide \$100,000 GPR annually to support these costs.

[Act 20 Sections: 1054j, 1054k, and 2086s]

3. WISCONSIN CHRONIC DISEASE PROGRAM

GPR	- \$854,400
PR	<u>431,200</u>
Total	- \$423,200

Governor/Legislature: Reduce funding by \$411,200 (-\$621,800 GPR and \$210,600 PR) in 2013-14 and by \$12,000 (-\$232,600 GPR and \$220,600 PR) in 2014-15 to fund the projected costs of services under the Wisconsin Chronic Disease Program (WCDP) in the 2013-15 biennium. Base funding for the program is \$5,895,000 (\$5,505,600 GPR and \$389,400 PR from rebate revenue the state receives from drug manufacturers). During the past several years, GPR funding for the program has exceeded the amount necessary to fund program costs, and rebate revenue, which reduces costs that would otherwise be funded from GPR, has exceeded budget estimates. The WCDP reimburses health care providers for services and drugs provided to people with chronic renal disease, adult cystic fibrosis, or hemophilia. The program is the payer of last resort after all other sources of coverage.

4. COORDINATED SERVICE TEAMS [LFB Paper 346]

	Funding	Positions
GPR	\$3,750,000	1.00

Governor/Legislature: Provide \$1,250,000 in 2013-14 and \$2,500,000 in 2014-15 to: (a) increase funding DHS provides to counties and tribes for coordinated services teams (CSTs) by \$1,185,400 in 2013-14 and by \$2,417,300 in 2014-15; and (b) fund 1.0 position, beginning in 2013-14 to increase staff support for the program (\$64,600 in 2013-14 and \$82,700 in 2014-15).

Authorize counties and tribes to establish multi-entity initiatives, which could be supported by county or state funds. Authorize any county or tribe to enter into an agreement with other counties or tribes, respectively, under which a single lead county or tribe would be designated. Require the lead county or tribe to appoint a coordinating committee and designate an administering agency. Specify that certain mandatory members of the coordinating committee would be required to include at least one representative from each county or tribe included in the multi-entity initiative, and that optional members could come from any participating county. Authorize DHS to establish additional requirements with respect to multi-entity initiatives, including requirements that conflict with those imposed upon single county or tribe CSTs under current law.

Currently, DHS is budgeted \$2.8 million (all funds) to distribute funding to 38 counties and

five tribes for CSTs, which coordinate services for children who are involved in two or more systems of care (such as mental health, substance abuse, child welfare, and juvenile justice) and their families.

[Act 20 Sections: 358, 841 thru 863, 882, and 2326]

5. PEER-RUN RESPITE CENTERS [LFB Paper 347]

	Funding	Positions
GPR	\$1,347,300	1.00

Governor/Legislature: Provide \$64,600 in 2013-14 and \$1,282,700 in 2014-15 and 1.0 position, beginning in 2013-14, to distribute grants to regional peer-run respite centers for people with mental health or substance abuse concerns, with the goal of improving crisis treatment and reducing inpatient hospitalizations. The bill would provide funding to support: (a) three regional peer-run centers, beginning in 2014-15, each with an annual allocation of \$400,000; and (b) 1.0 position to administer the program (\$64,600 in 2013-14 and \$82,700 in 2014-15).

In other states that have implemented this program, peer-run respite centers are usually community-based residential facilities with beds available to people in a mental health or substance abuse crisis situation, with services provided by staff who have successfully participated in mental health or substance abuse recovery or treatment programs.

[Act 20 Section: 836]

6. OFFICE OF CHILDREN'S MENTAL HEALTH [LFB Paper 348]

	Funding	Positions
GPR	\$535,400	4.00

Governor: Provide \$185,200 in 2013-14 and \$350,200 in 2014-15, and 4.0 positions, beginning in 2013-14, to staff an Office of Children's Mental Health, which would be created in the bill. Provide that the Office would study and recommend ways, and coordinate initiatives, to improve the integration across state agencies of mental health services provided to children, and monitor the performance of programs that provide these services. Specify that the Director of the Office would be appointed by, and serve at the pleasure of, the Governor, and increase the number of unclassified positions in DHS by one, from 9.0 to 10.0. Based on the amount of funding for this item in the bill, it is assumed that the Office would begin operation in January, 2014.

Joint Finance/Legislature: Approve the Governor's recommendations to create the Office of Children's Mental Health. In addition, require the Office, by January 1, 2015, and by January 1 of each following year, to submit to the Joint Committee on Finance, and the appropriate standing committees of the Legislature, a report that contains the following information: (a) a summary of the activities of the Office of Children's Mental Health in the previous year, including actions the Office has taken to improve the coordination of mental health services provided to children by state agencies; (b) a summary of data collected by the Office that relate to outcomes of children who receive mental health services provided by state agencies; and (c) a discussion of areas in which the state's delivery of mental health services for children could be

improved.

[Act 20 Sections: 40, 1232, and 2000]

7. OWI SURCHARGE FUNDING

PR	\$218,000
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Governor/Legislature: Provide \$109,000 annually to increase, from \$891,000 to \$1,000,000, funding DHS awards annually as supplemental grants to counties to support their intoxicated driver programs (IDPs) for drivers who have been convicted of operating while intoxicated (OWI) offenses. Funding for this program is supported by program revenue the state collects from the driver improvement surcharge.

Under prior law, individuals subject to fines or forfeitures for OWI offenses were assessed a driver improvement surcharge of \$365. Sixty percent of the total surcharge revenue was retained by the offender's county of residence to fund that county's intoxicated driver program (IDP), and 40% was credited to a DHS PR appropriation. Under provisions summarized under "Transportation -- State Patrol," the bill increased the surcharge to \$435 and specified that counties would retain 50.3% of surcharge revenues, and the state would receive 49.7%. DHS distributes 9.75% of the state's share of surcharge funds to DOT for the Safe-Ride program. Of the remaining funds, DHS makes allocations to the following agencies: (a) to counties for supplementation of county IDPs; (b) to DOT for chemical testing equipment and law enforcement training; (c) to the Wisconsin State Laboratory of Hygiene for testing of blood samples taken in OWI-suspected incidents; (d) to the Department of Public Instruction for alcohol and traffic safety programs for teenagers; and (e) to the Department of Justice for services for victims of crimes, including OWI-related crimes.

8. HEALTH CARE DATA ORGANIZATION GRANT [LFB Paper 349]

GPR	\$5,000,000
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Governor/Legislature: Provide \$2,500,000 annually in one-time funding to increase the amount of funding DHS is budgeted to contract with a health care information organization that collects health care claims data from insurers and administrators, and analyzes and reports that information for cost, quality, and effectiveness of care. Create an annual appropriation in DHS to fund the contract. Currently, DHS contracts with the Wisconsin Health Information Organization (WHIO) for this purpose.

Modify current statutes that specify the conditions the grantee must meet in order to contract with DHS for these services so that, in addition to meeting the current conditions, the grantee would be required to: (a) provide an Internet site that offers health care provider cost and quality data and reports to consumers in a manner that is comprehensive and transparent and uses language that is understandable to laypersons; (b) conduct statewide consumer information campaigns to improve health literacy; (c) provide a review and reconsideration software solution to allow health care providers to validate their cost and quality data prior to publication on the Internet site; (d) conduct other functions specified in its contract with the state; and (e) fulfill any requirements according to timelines specified by DHS and the Department of Employee

Trust Funds.

[Act 20 Sections: 346, 1901, and 1902]

9. GRADUATE MEDICAL EDUCATION PROGRAM GRANTS [LFB Paper 350]

GPR	\$5,000,000
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Governor: Provide \$2,500,000 annually for grants to support graduate medical education (GME) programs (residency programs). This item includes funding to establish new GME programs, and grants to existing GME programs.

Establish New GME Programs. Provide \$2,000,000 annually for three-year grants to hospitals to establish GME programs. Require DHS to distribute these grants from a new GPR annual appropriation to help hospitals and groups of hospitals in developing accredited GME programs by improving infrastructure and increasing case volume. Direct DHS to distribute the grants, for a term of up to three years, to hospitals and groups of hospitals that apply to receive a grant. Require applicants to satisfy grant criteria established by the Department, submit a plan for the use of the grant funds, and meet matching fund requirements determined by DHS. The administration indicates that it intends to distribute these grants to up to three groups of five rural hospitals.

Existing GME Programs. Increase MA benefits funding by \$500,000 GPR annually for DHS to distribute as grants for hospitals to maintain accredited GME programs. Require DHS to distribute grants to hospitals that apply for the funds in a form and manner determined by DHS, and that satisfy any other criteria established by the Department. Provide that only hospitals with an accredited GME program in family medicine, pediatrics, psychiatry, general surgery, or internal medicine would qualify to receive a grant. Limit the amount any hospital could receive as a grant funded from the GPR MA benefits appropriation, to \$50,000 per state fiscal year. Require DHS to seek approval for federal MA matching funds to support these grants, and, if approved, distribute any federal funds received in addition to the state allocation.

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

- Require that grants to establish new GME programs only be made to rural hospitals or groups of rural hospitals. For the purposes of these grants, define "rural hospital" as a hospital that is not located in a first class city.
- Specify that applicants for grants to establish new GME programs may only receive funds if the funds are used to develop an accredited program in any of the following specialties: (a) family medicine; (b) pediatrics; (c) psychiatry; (d) general surgery; or (e) internal medicine.
- Specify that grants for existing GME programs may only be used to fund the addition of positions to an existing program, rather than to assist hospitals with maintaining existing residency programs.
- Increase the maximum amount that any one hospital may receive in grant funding for existing GME programs from \$50,000 GPR to \$225,000 GPR per state fiscal year. Specify that

DHS may not provide more than \$75,000 GPR per state fiscal year to fund a given position in a GME program.

- Increase the amount of funding provided for existing GME programs by \$250,000 GPR annually, and reduce the amount of funding provided to establish new GME programs by \$250,000 GPR annually. Consequently, DHS would be budgeted \$750,000 annually for grants to existing programs and \$1,750,000 annually to establish new GME programs.

[Act 20 Sections: 345, 349, 1899, and 1900]

10. AMERICAN RED CROSS TAX CHECKOFF

Governor/Legislature: Require the Department of Revenue (DOR), rather than DHS, to distribute funds designated on individual income tax returns for the Wisconsin Disaster Relief Fund of the American Red Cross (referred to as "tax checkoff"). Repeal the DHS appropriation and statutory provisions authorizing the transfer of these funds from DOR to DHS. Create a DOR appropriation to allow that Department to distribute net revenues from the checkoff to the Badger Chapter of the American Red Cross for the Wisconsin Disaster Relief Fund.

Specify that these provisions would first apply to taxable years beginning on January 1 of the year in which the sections take effect (January 1, 2013), except if the bill takes effect after July 31, in which case they would initially apply to taxable years beginning on January 1 of the following year.

[Act 20 Sections: 347, 467, 1349, 2087, and 9337(7)]

11. ONE-TIME STATE SUPPLEMENT FOR SERVICES FOR SENIOR CITIZENS

GPR	\$433,300
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Joint Finance/Legislature: Provide \$433,300 GPR in one-time funding in 2013-14 for DHS to distribute to counties and tribes that had reductions in federal allocations under Title III of the Older American Act (OAA) for calendar year 2013, as compared to the amounts those counties and tribes received in calendar year 2012. For each county and tribe that had such a reduction, require DHS to provide an amount equal to half the amount by which the federal funds were reduced between calendar years 2012 and 2013, to be used for the same purposes specified for the Older Americans Act funding.

Federal funding under the OAA is provided to counties and tribes to support services for senior citizens, including congregate meals, home-delivered meals ("meals on wheels"), preventive health services, supportive services (such as transportation, in-home services, and funding for senior centers), and the national family and caregiver support program. In calendar year 2013, the preliminary allocation for Wisconsin counties and tribes equaled approximately \$24.3 million FED.

[Act 20 Section: 9118(2c)]

12. SHEBOYGAN TUBERCULOSIS INCIDENT RESPONSE

FED	\$1,395,500
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Joint Finance/Legislature: Provide \$3,271,800 (\$2,508,900 GPR and \$762,900 FED) in 2013-14 and \$2,791,600 (\$2,159,000 GPR and \$632,600 FED) in 2014-15 on a one-time basis to fund state and local costs to respond to a tuberculosis incident in Sheboygan County. Budget the GPR allocation in the Joint Committee on Finance supplemental appropriation. Allow DHS to submit one or more requests for the release of the funding in 2013-14 under a 14-day passive review process. Require DHS to include in any request a proposal for allocating the requested funds among the relevant appropriations. Prohibit DHS from submitting requests under these provisions for more than \$2,508,900 GPR in 2013-14. If the Co-chairpersons of the Committee do not notify DHS within 14 working days after the date a request is submitted that a meeting has been scheduled for the purpose of reviewing the request, the funds would be released as proposed in the request. If the Co-chairpersons of the Committee notify DHS within 14 working days that a meeting has been scheduled for the purpose of reviewing the request, the release may be made only upon approval of the committee, in an amount specified by the committee. The Committee would not be required to find that an emergency exists prior to releasing these funds.

Allow the Department, at any time during the 2013-15 biennium, to submit one or more requests under s. 13.10 of the statutes for the release of the funding in 2014-15. Require DHS to include in any request a proposal for allocating the requested funds among the relevant appropriations. Prohibit DHS from submitting requests under these provisions for more than \$2,159,000 GPR in 2014-15. The Committee would not be required to find that an emergency exists prior to making a supplementation under this paragraph.

Authorize DHS to provide funding to Sheboygan County for costs other than for drug treatment, to respond to this incident. Require Sheboygan County to submit information to DHS on the county's actual costs of providing additional services, and direct DHS to reimburse the county only for eligible costs documented by the county.

Permit DHS to provide funding to Sheboygan County for the purpose of reimbursing the county for costs incurred by the county responding to a tuberculosis incident in the county, including costs for drug treatment. Before requesting any funding provided under this paragraph, require the county to submit to DHS documentation for its actual costs for which it seeks reimbursement, and prohibit DHS from providing any funding without such documentation by the county.

[Act 20 Section: 9118(1e)]

13. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Reduce funding by \$13,220,300 (-\$3,956,500 GPR, -\$3,895,100 FED, -\$5,376,500 PR, and \$7,800 SEG) in 2013-14, and by \$13,031,300 (-\$3,884,500 GPR, -\$3,816,400

GPR	- \$7,841,000
FED	- 7,711,500
PR	- 10,715,000
SEG	15,900
Total	- \$26,251,600

FED, -\$5,338,500 PR, and \$8,100 SEG) in 2014-15 to reflect the following standard budget adjustments: (a) turnover reduction (-\$888,300 GPR, -\$1,525,600 FED, and -\$385,800 PR annually); (b) full funding of continuing salaries and fringe benefits (-\$7,963,000

GPR, -\$2,351,600 FED, -\$11,337,500 PR, and \$2,500 SEG annually); (c) overtime (\$1,945,500 GPR and \$4,124,100 PR annually); (d) night and weekend salary differential (\$1,913,300 GPR in 2013-14 and \$1,913,400 GPR in 2014-15, and \$101,400 FED and \$2,429,000 PR annually); and (e) full funding of lease and directed move costs (\$1,036,000 GPR, -\$119,300 FED, -\$206,300 PR, and \$5,300 SEG in 2013-14, and \$1,107,900 GPR, -\$40,600 FED, -\$168,300 PR, and \$5,600 SEG in 2014-15).

14. FEDERAL REVENUE REESTIMATES

FED	\$46,272,300
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Governor/Legislature: Provide \$22,800,700 in 2013-14 and \$23,471,600 in 2014-15 to reflect the net effect of funding adjustments to certain federal appropriations. The following table shows the base funding amount for each appropriation affected by this item, the net funding changes that would be provided under other items in the bill, and the total amount that would be budgeted in these FED appropriations.

Appropriation, by DHS Division	2012-13 Base	2013-14			2014-15		
		Funding Change	Other Items	Total	Funding Change	Other Items	Total
Public Health							
Project Aids	\$60,381,100	-\$5,860,700	\$0	\$54,520,400	-\$4,015,600	\$0	\$56,365,500
Preventive Health Block Grant	1,772,800	-306,700	151,600	1,617,700	-306,700	151,600	1,617,700
Health Care Access and Accountability							
Disability Determination	23,276,000	0	-152,500	23,123,500	819,500	-152,500	23,943,000
Project Operations	1,254,600	500,000	0	1,754,600	500,000	0	1,754,600
Project Aids	1,000,000	1,700,000	0	2,700,000	1,700,000	0	2,700,000
MA and FoodShare Contracts	69,866,300	24,967,000	9,480,400	104,313,700	25,875,600	2,286,500	98,028,400
Mental Health and Substance Abuse							
Mental Health Block Grant	5,616,300	298,700	600	5,915,600	298,700	600	5,915,600
Substance Abuse Block Grant	22,042,600	3,681,400	0	25,724,000	3,681,400	0	25,724,000
Project Operations	750,000	-478,900	-123,900	147,200	-489,700	-123,900	136,400
Project Aids	8,500,000	-4,764,700	0	3,735,300	-7,562,700	0	937,300
Federal Block Grants - Local Assistance	1,826,500	273,900	0	2,100,400	273,900		2,100,400
Quality Assurance							
Project Operations	815,800	-815,800	0	0	-815,800	0	0
Social Services Block Grant	11,700	-11,700	0	0	-11,700	0	0
Long-Term Care							
Project Aids	3,645,600	2,154,400	0	5,800,000	2,154,400	0	5,800,000
Social Services Block Grant	22,639,800	8,400	0	22,648,200	-85,100	0	22,554,700
Local Assistance	6,762,300	797,700	0	7,560,000	797,700	0	7,560,000
General Administration							
Office of the Inspector General - Medicaid	0	657,700	6,005,700	6,663,400	657,700	6,005,700	6,663,400
Total		\$22,800,700			\$23,471,600		

15. PROGRAM REVENUE REESTIMATES

PR	\$40,544,000
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Governor/Legislature: Provide \$19,151,800 in 2013-14 and \$21,392,200 in 2014-15 to reflect the net effect of funding adjustments for selected program revenue appropriations. The following table shows the base funding amount for each appropriation affected by this item, the net funding changes under this item, the changes to these appropriations under other items in the bill, and the total amount that would be budgeted in these PR appropriations.

Appropriation, by DHS Division	2012-13 Base	2013-14			2014-15		
		Funding Change	Other Items	Total	Funding Change	Other Items	Total
Public Health							
Newborn Screening Program	\$3,064,300	\$200,500	\$0	\$3,264,800	\$441,000	\$0	\$3,505,300
Health Care Information	1,207,200	353,300	31,300	1,591,800	353,200	31,300	1,591,700
Institutions							
Interagency and Intra-agency Programs	7,299,200	1,700,000	-455,600	8,543,600	1,700,000	-455,600	8,543,600
Health Care Access and Accountability							
Medicaid Refunds and Collections	0	39,000,000	317,476,300	356,476,300	41,000,000	338,101,100	379,101,100
Gifts and Grants	27,115,800	-24,000,000	0	3,115,800	-24,000,000	0	3,115,800
Interagency and Intra-Agency Programs	3,069,100	1,882,900	-131,500	4,820,500	1,882,900	-131,500	4,820,500
Community Options Program - Family Care Recovery of Costs	79,200	100,400	15,700	195,300	100,400	15,700	195,300
Mental Health and Substance Abuse							
Gifts and Grants	237,100	44,400	-7,500	274,000	44,400	-7,500	274,000
Quality Assurance							
Interagency and Intra-Agency Aids	413,700	-413,700	0	0	-413,700	0	0
Long-Term Care							
Children's Long-Term Support Waivers	379,200	274,100	0	653,300	274,100	0	653,300
General Administration							
Office of the Inspector General	0	9,900	279,500	289,400	9,900	279,500	289,400
Total		\$19,151,800			\$21,392,200		

16. FUNDING AND POSITION TRANSFERS

Governor/Legislature: Provide \$63,400 (\$543,600 FED and -\$480,200 PR) annually and convert .50 GPR position and 7.13 PR positions to 7.63 FED positions, beginning in 2013-14, to reflect the reallocation of vacant positions, the transfer of positions and funding between appropriations to correct errors in 2011 Act 32 (the biennial budget act), and to realign funding and positions in the Division of Public Health and the

	Funding	Positions
GPR	\$0	- 0.50
FED	1,087,200	7.63
PR	<u>- 960,400</u>	<u>- 7.13</u>
Total	\$126,800	0.00

Wisconsin Resource Center. These changes include the following: (a) the transfer of \$3,516,900 GPR and 36.00 GPR positions from the Wisconsin Resource Center to the Sand Ridge Secure Treatment Center; (b) the reallocation of 8.70 positions in the Division of Public Health to reflect actual time positions spend on certain projects; (c) the transfer of \$859,500 GPR from the appropriation that supports SSI state benefits payments to the appropriation that supports SSI state administration, to correct an error in Act 32; (d) the transfer of 6.5 (all funds) positions from the Division of Health Care Access and Accountability to the Division of Enterprise Services; and (e) other transfers of positions and funding in various DHS appropriations.

17. APPLICANT INFORMATION AVAILABLE TO THE DEPARTMENT OF REVENUE [LFB Paper 559]

Governor/Legislature: Authorize DHS to provide the Department of Revenue (DOR) information on applicants for selected programs, including social security numbers, for DOR to verify refundable individual income tax credits and collected debts owed to DOR. Specify that the provision of information to DOR may include transmitting or granting access to electronic data.

Currently, DHS may disclose information to DOR for the purpose of administering state taxes. However, the current law provision does not make reference to the disclosure of social security numbers, granting access or transmitting electronic data, or the use of this information by DOR to verify refundable individual income tax credits and to collect debts owed to DOR.

This item is part of an initiative to address tax fraud. For additional information, see "Revenue - Tax Administration."

[Act 20 Section: 1218]

18. MENTAL HEALTH AND SUBSTANCE ABUSE APPROPRIATIONS

Governor/Legislature: Create a federal appropriation that would authorize DHS to expend all moneys it receives from the federal government or any of its agencies to provide local assistance for specific limited term projects relating to mental health and alcoholism or other drug abuse services, for the purposes for which they are received.

In addition, correct cross-references to certain DHS appropriations for mental health and substance abuse services. 2009 Wisconsin Act 28 renumbered and retitled numerous DHS appropriations to reflect the creation of two new divisions in DHS -- the Division of Mental Health and Substance Abuse Services and the Division of Long-Term Care. However, several statutory sections that reference these appropriations were not modified to reflect the agency's revised budget structure. This item corrects cross references relating to funding for substance abuse treatment grants, systems change grants, mental health provider training, consumer and family self-help and peer support programs, and grants for people in substance abuse treatment programs.

[Act 20 Sections: 360, 835, 837 thru 840, and 864 thru 868]

19. BIRTH-TO-3 PROGRAM REFERENCES TO FEDERAL LAW

Governor/Legislature: Correct two statutory references to the sections of United States Code under which the state's Birth-to-3 program operates.

[Act 20 Sections: 1235 and 1236]

20. DELETE BASE FUNDING FOR REPEALED APPROPRIATION

GPR	- \$256,000
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Governor/Legislature: Reduce funding by \$128,000 annually to delete base funding for an appropriation that, prior to July 1, 2011, supported relief block grants to counties. This appropriation was repealed, effective July 1, 2011, as part of 2009 Wisconsin Act 28 (the 2009-11 biennial budget act). However, base funding remained in the Chapter 20 appropriation schedule in the current biennium.

Care Facilities and Quality Assurance

1. FORENSIC UNITS AT MENDOTA MENTAL HEALTH INSTITUTE [LFB Paper 360]

	Funding	Positions
GPR	\$12,573,700	73.00

Governor/Legislature: Provide \$5,884,100 in 2013-14 and \$6,689,600 in 2014-15 and 73.00 GPR positions, beginning in 2013-14, to create two 20-bed forensic admissions units at the Mendota Mental Health Institute (MMHI). DHS expects the first unit to open in April, 2013, and the second in October, 2013. Both units would replace vacant civil units and would not require remodeling. The bill would provide funding to support 30.5 unit staff and 6.0 ancillary staff for each unit. The funding that would be budgeted for these units in the bill is summarized in the following table.

Funding for Two Forensic Admissions Units at Mendota MHI

<u>Expenditure Category</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Biennial Total</u>
Salary	\$3,398,500	\$3,884,000	\$7,282,500
Fringe Benefits	1,594,100	1,821,800	3,415,900
Supplies and Services	153,800	183,800	337,600
One Time Start-up Costs	88,600	0	88,600
Food	76,800	89,800	166,600
Variable Non-Food Costs	<u>572,300</u>	<u>710,200</u>	<u>1,282,500</u>
Total	\$5,884,100	\$6,689,600	\$12,573,700

DHS is required to serve forensic patients who are ordered by state courts to obtain mental health evaluations or treatment. There are two state facilities that admit and treat forensic patients -- MMHI in Madison and the Winnebago Mental Health Institute (WMHI) in Oshkosh. MMHI currently has 201 forensic beds and two forensic admissions units and WMHI has 122 forensic beds and one forensic admissions unit.

The average daily population (ADP) for the combined 323 forensic beds was 311 in 2011-12 and increased to 322 by December, 2012. Of these 323 beds, 83 were admissions units, which had a combined ADP of 84.5 patients. When there are not enough forensic beds to admit forensic patients, DHS places individuals on an admissions list, and admits these individuals as beds become available. The average number of individuals on the admissions list has increased from 4.8 in September, 2010, to 29.7 individuals in December, 2012, and the average wait time on the list has increased from 9.2 days in calendar year 2009 to 21.2 days in calendar year 2012.

2. MENTAL HEALTH INSTITUTES FUNDING SPLIT

Governor/Legislature: Provide \$1,918,200 GPR and reduce funding by \$1,918,200 PR annually, and convert 6.14 PR positions to GPR positions, beginning in 2013-14, to adjust funding at the mental health institutes (MHIs) to reflect a decrease in the percentage of patients whose care is funded from program revenue, rather than GPR.

	Funding	Positions
GPR	\$3,836,400	6.14
PR	<u>- 3,836,400</u>	<u>- 6.14</u>
Total	\$0	0.00

The share of MHI costs funded by GPR and PR is based on the composition of the patient population. The state is responsible for the cost of caring for forensic patients, which it funds with GPR. The cost of caring for other patients is funded from program revenues paid by counties and third-party payers, including medical assistance (MA) for MA-eligible populations. The following table identifies the administration's estimates of the composition of the MHI patient population in the 2013-15 biennium.

Percentage of Patients, By MHI and Funding Source 2013-14 and 2014-15

	Billable (PR)	Nonbillable (GPR)
Winnebago Mental Health Institute		
Forensic	7%	93%
Civil -- Children	100	0
Civil -- Adults	90	10
Institutionwide	35%	65%
Mendota Mental Health Institute		
Forensic	4%	96%
Civil -- Children	0	0
Civil -- Adults	93	7
Mendota Juvenile Treatment Center	0	100
Institutionwide	14%	86%

3. SUPPLIES AND SERVICES FOR RESIDENTS AT DHS FACILITIES [LFB Paper 361]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$6,398,000	- \$739,000	\$5,659,000
PR	<u>- 1,092,500</u>	<u>- 311,800</u>	<u>- 1,404,300</u>
Total	\$5,305,500	- \$1,050,800	\$4,254,700

Governor: Provide \$747,900 (\$1,464,000 GPR and -\$716,100 PR) in 2013-14 and \$4,557,600 (\$4,934,000 GPR and -\$376,400 PR) in 2014-15 to reflect estimates of the cost of providing supplies and services, other than food, for residents at the centers for people with developmental disabilities, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center. This funding supports medical services and supplies (including hospitalizations, diagnostic testing, and outpatient medical visits), drugs, clothing, and other supplies.

Joint Finance/Legislature: Reduce funding by \$484,600 (-\$334,000 GPR and -\$150,600 PR) in 2013-14 and by \$566,200 (-\$405,000 GPR and -\$161,200 PR) in 2014-15 to reflect revised estimates of the number of residents at these facilities in the 2013-15 biennium.

4. FOOD

GPR	\$101,900
PR	<u>- 49,400</u>
Total	\$52,500

Governor/Legislature: Reduce funding by \$14,400 (\$23,000 GPR and -\$37,400 PR) in 2013-14 and increase funding by \$66,900 (\$78,900 GPR and -\$12,000 PR) in 2014-15 to reflect reestimates of the cost of providing food for residents at the centers for people with developmental disabilities, the mental health institutes, the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center in the 2013-15 biennium.

5. CONTRACTED SERVICES FOR MENTAL HEALTH CLIENTS [LFB Paper 362]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,723,900	- \$349,900	\$2,374,000

Governor: Provide \$1,013,900 in 2013-14 and \$1,710,000 in 2014-15 to fund projected increases in the costs of certain contracted services for mental health clients served by DHS facilities.

Supervised Release. Provide \$919,900 in 2013-14 and \$1,415,600 in 2014-15 to fund projected increases in the costs of treating individuals who are committed as sexually violent

persons under Chapter 980 of the statutes and who have been released by the court under the supervision of DHS. The administration estimates that the average number of individuals on supervised release will increase from 33 in 2012-13 to 38 in 2013-14 and 43 in 2014-15, with per person costs averaging \$86,700 in 2013-14 and \$88,200 in 2014-15.

Outpatient Competency Examination. Provide \$109,000 in 2013-14 and \$133,000 in 2014-15 to reflect estimates of the funding needed for outpatient competency examinations. Although the administration projects no change in the number of outpatient competency-to-stand-trial examinations from 2013 to 2015, examination costs are projected to increase by 1.7 percent annually. DHS contracts with a private vendor, currently Behavioral Consultants, Inc., to conduct outpatient examinations in jails or locked units of a facility. It is estimated that the vendor will conduct 1,200 outpatient examinations each year at a cost of \$1,240 per examination in 2013-14, and at a cost of \$1,260 per examination in 2014-15.

Conditional Release. Provide \$102,000 in 2013-14 and \$241,800 in 2014-15 to reflect reestimates of the cost of contracting with the Department of Corrections to supervise individuals who have been conditionally released from the state Mental Health Institutes. This reestimate reflects population growth and projected per client cost increases of 1.7 percent annually. The administration estimates that the average daily population (ADP) of individuals on conditional release will be 292 in 2013-14 and 298 in 2014-15, at an annual cost of \$13,700 per person in 2013-14 and \$13,900 per person in 2014-15.

Restoration to Competency. Provide \$45,300 in 2013-14 and \$66,200 in 2014-15 to reflect reestimates of the cost of contracting with Behavioral Consultants, Inc. to provide outpatient restoration to competency services. This reestimate reflects per client cost increases of 1.7 percent annually. It is estimated that 61 individuals will receive outpatient treatment in 2013-14 at an annual cost per individual of \$7,300 and 63 individuals will receive services in 2014-15 at an annual cost per individual of \$7,400.

Other Corrections Contract Costs. Reduce funding by \$162,300 in 2013-14 and \$146,600 in 2014-15 to reflect reestimates of the costs of other services provided by the Department of Corrections, including contract supervision, escort transportation, and rental of GPS equipment. This reestimate reflects lower-than-expected costs compared to the 2011-13 budget estimates.

Joint Finance/Legislature: Reduce funding by \$173,500 in 2013-14 and by \$176,400 in 2014-15 to reflect reestimates of the number of clients that will be on supervised release in the 2013-15 biennium.

6. ENERGY COSTS FOR CARE FACILITIES

GPR	\$3,976,000
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Governor/Legislature: Provide \$1,873,600 in 2013-14 and \$2,102,400 in 2014-15 to fund the difference between projected GPR energy costs for DHS care facilities (\$8,010,000 in 2013-14 and \$8,238,800 in 2014-15) and base funding available to support these costs (\$6,136,400 annually).

7. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	\$2,724,000
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Governor/Legislature: Provide \$1,380,000 in 2013-14 and \$1,344,000 in 2014-15 to reflect projected increases in the cost of debt service payments for DHS care facilities.

8. ELECTRONIC HEALTH RECORDS FOR CARE FACILITIES [LFB Paper 363]

GPR	\$1,771,000
PR	<u>1,721,900</u>
Total	\$3,492,900

Governor/Legislature: Provide \$1,771,000 GPR and \$1,721,900 PR in 2014-15 to implement an electronic health records system for the agency's care facilities. The administration estimates that the total cost of purchasing the electronic health records system for all seven of the DHS facilities would be \$10,850,000, which would be financed through a five and a-half year masterlease, with annual masterlease payments totaling \$2,116,000 each year, beginning in 2014-15. In addition, DHS estimates that the annual ongoing cost of the comprehensive system will be approximately \$1,376,900 annually, beginning in 2014-15.

9. SHARED SERVICES

	Positions
GPR	- 0.95
PR	<u>0.95</u>
Total	0.00

Governor/Legislature: Convert 0.95 GPR position from the Mendota Mental Health Institute (MMHI) to 0.95 PR position at Central Wisconsin Center for the Developmentally Disabled (CWC) and transfer 0.50 PR position at CWC to MMHI, beginning in 2013-14. In addition, transfer \$267,700 GPR annually, from the Wisconsin Resource Center to the Winnebago Mental Health Institute. These funding and position transfers reduce the need for facilities to charge each other for the cost of positions that perform services for more than one facility on DHS' Madison and Oshkosh campuses.

10. MENDOTA JUVENILE TREATMENT CENTER

Governor/Legislature: Modify a statutory provision that identifies the amount of PR funding the Department of Corrections is required to transfer to DHS to support the Mendota Juvenile Treatment Center (MJTC) in each year to specify that \$2,707,100 PR in 2013-14 and \$2,772,800 PR in 2014-15 would be transferred to support this unit. The amount of GPR funding Corrections is required to transfer annually (\$1,365,500) would not change. Consequently, Corrections would be required to transfer \$4,072,600 (\$1,365,500 GPR and \$2,707,100 PR) in 2013-14 and \$4,138,300 (\$1,365,500 GPR and \$2,772,800 PR) in 2014-15 to support MJTC.

In 2012-13, Corrections is required to transfer \$4,329,500 (\$1,365,500 GPR and \$2,964,000 PR) to DHS. The net funding changes in the annual statutory allocation, compared to the 2012-13 allocation (-\$256,900 in 2013-14 and -\$191,200 in 2014-15) reflect standard budget adjustments for DHS staff costs associated with operating this unit.

[Act 20 Section: 816]

11. CBRF INSPECTIONS

Governor/Legislature: Reduce funding by \$6,000 GPR and increase funding by \$6,000 PR in each year and convert 0.10 GPR position to 0.10 PR position, beginning in 2013-14, to reflect estimates of additional program revenue DHS would collect as a result of statutory changes relating to the regulation of community-based residential facilities (CBRFs), and to use these additional revenues to replace base GPR funding and position authority for the Division of Quality Assurance.

	Funding	Positions
PR-REV	\$12,000	0.10
GPR	- \$12,000	- 0.10
PR	<u>12,000</u>	<u>0.10</u>
Total	\$0	0.00

Statutory Changes. Specify that a CBRF does not include a private residence that is a home to adults who independently arrange for and receive care, treatment, or services for themselves from a person or agency that has no authority to exercise direction or control over the residence.

Repeal the requirement that DHS inspect each CBRF prior to the expiration of the CBRF's probationary license to determine whether the CBRF meets applicable requirements for licensure. Instead, require DHS to evaluate the CBRF prior to the expiration of the CBRF's probationary license, and permit (but not require) DHS to inspect the CBRF prior to the issuance of a regular license.

Fiscal Effect. The administration estimates that the proposed change in the definition of a CBRF would result in savings in staff costs of about \$7,800 annually, as surveyors would no longer respond to complaints relating to the types of facilities that would be excluded from the CBRF definition. The proposal relating to inspections of CBRFs with probationary licenses is estimated to result in savings in staff costs of about \$63,100 annually. DHS estimates that, with these workload savings, it could process additional CBRF licenses, resulting in the PR revenue increase, which would be available to replace base GPR funding for the Division.

[Act 20 Sections: 1228 and 1229]

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$278,508,200	\$291,090,700	\$227,235,300	\$227,235,300	\$227,235,300	-\$51,272,900	- 18.4%
FED	3,135,400	3,135,400	3,135,400	3,135,400	3,135,400	0	0.0
PR	<u>2,469,600</u>	<u>2,469,600</u>	<u>60,815,000</u>	<u>60,815,000</u>	<u>60,815,000</u>	<u>58,345,400</u>	2,362.5
TOTAL	\$284,113,200	\$296,695,700	\$291,185,700	\$291,185,700	\$291,185,700	\$7,072,500	2.5%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	11.00	11.00	11.00	11.00	11.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$117,400
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Governor/Legislature: Adjust the base budget by -\$59,500 in 2013-14 and -\$57,900 in 2014-15 for: (a) full funding of continuing position salaries and fringe benefits (-\$62,000 annually); and (b) full funding of lease and directed moves costs (\$2,500 in 2013-14 and \$4,100 in 2014-15).

2. WISCONSIN COVENANT SCHOLARS GRANTS [LFB Paper 365]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$12,180,000	-\$6,760,000	\$5,420,000

Governor: Provide \$4,060,000 in 2013-14 and \$8,120,000 in 2014-15 for the Wisconsin Covenant Scholars grant program. Total program funding would be \$12,050,000 in 2013-14 and

\$16,110,000 in 2014-15. The amounts of funding provided are based on estimates of student participation in the Wisconsin Covenant Scholars program.

From spring, 2007, through fall, 2011, Wisconsin resident students enrolled in the eighth grade were invited to sign the Wisconsin Covenant pledge. Students who successfully complete the pledge are eligible to receive Wisconsin Covenant Scholars grants while enrolled in UW institutions, technical colleges, private, nonprofit colleges and universities, and tribal colleges located in this state. Grants range from \$125 to \$1,500 during the first two years of enrollment based on student need and enrollment status. Grants to third and fourth year students will be based on a formula approved by the HEAB Board.

The first class of Wisconsin Covenant scholars enrolled in higher education during the 2011-12 academic year. Grants to these students totaled \$3,650,800 in that year. There will be three classes of Wisconsin Covenant scholars enrolled in higher education during the 2013-14 academic year and four classes of Wisconsin Covenant scholars enrolled during the 2014-15 academic year.

Joint Finance/Legislature: Reduce funding by \$2,820,000 in 2013-14 and \$3,940,000 in 2014-15 to reflect a reestimate of program demand. Program funding would be \$9,230,000 in 2013-14 and \$12,170,000 in 2014-15. This level of funding is consistent with estimates of program expenditures based on actual expenditures for the 2011-12 and 2012-13 years, preliminary data on Wisconsin covenant scholars in the high school class of 2014, and current award levels.

In addition, set maximum grant amounts for third and fourth year Wisconsin Covenant scholars equal to the maximum grant amounts for first and second year students as established by HEAB administrative rule and modify the Wisconsin Covenant Scholars grant appropriation such that it is a sum sufficient appropriation. Specify that if the receipt of these third or fourth year grants would result in an over award under federal law or regulation, the Board could reduce the grant in order to comply. The table below shows the maximum grant amounts that could be awarded to Wisconsin Covenant scholars enrolled in the third and fourth years of postsecondary education under the substitute amendment by student expected financial contribution (EFC) and enrollment status. A student's EFC is the amount that a student and his or her family are expected to contribute to the cost of the student's education. A student's EFC is determined by the federal Department of Education and based on information provided by the student and his or her family on the Free Application for Federal Student Aid (FAFSA). Wisconsin Covenant Scholars with EFCs of less than \$3,500 may receive additional grants from the Wisconsin Covenant Foundation making them eligible for higher total awards through the program.

**Wisconsin Covenant Maximum Grant Amounts
Under the Substitute Amendment**

<u>Student EFC</u>	<u>Maximum Grant</u>	
	<u>Enrolled Full-Time</u>	<u>Enrolled Part-Time</u>
Equal to \$0	\$1,000	\$750
Greater than \$0, not more than \$3,499	1,500	750
Greater than \$3,499, not more than \$11,999	1,000	500
Greater than \$12,000	250	125

[Act 20 Sections: 224e and 694g thru 694k]

3. DENTAL EDUCATION CONTRACT [LFB Paper 366]

GPR	\$519,900
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Governor/Legislature: Provide \$173,300 in 2013-14 and \$346,600 in 2014-15 and increase the statutory limit on the number of dental students who may receive a tuition subsidy to 200 in 2013-14 and thereafter. Under current law, up to 160 resident students enrolled in the doctor of dental surgery (D.D.S.) degree program at Marquette University may receive an annual tuition subsidy of \$8,753. Due to reductions in the 2009-11 budget, the amount of the tuition subsidy is currently \$8,665 per student. The funding provided would allow HEAB to provide tuition subsidies of \$8,665 to 20 additional dental students in 2013-14 (180 total) and 40 additional dental students in 2014-15 (200 total).

[Act 20 Section: 223]

4. WHEG-UW

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	-\$58,345,400	-\$58,345,400
PR	<u>0</u>	<u>58,345,400</u>	<u>58,345,400</u>
Total	\$0	\$0	\$0

Governor: Modify current law to suspend the link between funding for the Wisconsin higher education grant program for UW students (WHEG-UW) and average increases in UW resident undergraduate tuition for the 2013-15 biennium and maintain base level funding of \$58,345,400 in each year of the biennium. For the purpose of calculating future WHEG-UW appropriation amounts, the base funding reference would be \$58,345,400. In addition, modify the WHEG-UW appropriation to allow HEAB to transfer funds between fiscal years.

Joint Finance/Legislature: Delete GPR funding for the Wisconsin higher education grant program for UW students (WHEG-UW) in 2013-14. Instead, create a biennial program revenue appropriation for the WHEG-UW program and transfer \$58,345,400 from the UW System's

program revenue appropriation for general program operations to the new appropriation. Repeal the new appropriation and related language on July 1, 2015. Under the substitute amendment, funding for the WHEG-UW program would be \$58,345,400 PR in 2013-14 and \$58,345,400 GPR in 2014-15.

[Act 20 Sections: 224d, 224f, 224g, 250h, 250i, 693, 694, 695, 695e, 695f, and 9419(1e)]

5. WHEG-TCS

GPR	\$2,000,000
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Joint Finance/Legislature: Provide \$2,000,000 in 2013-14 for the Wisconsin higher education grant program for technical college students (WHEG-TCS). The WHEG-TCS program provides need-based grants to resident students enrolled at least half-time in Wisconsin technical colleges. Base level funding of the WHEG-TCS program in \$18,797,900. Under the substitute amendment, funding for WHEG-TCS would be \$20,797,900 in 2013-14 and \$18,797,900 in 2014-15.

6. TUITION GRANT PROGRAM

GPR	\$1,000,000
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Joint Finance/Legislature: Provide \$1,000,000 in 2013-14 for the tuition grant program. The tuition grant program provides need-based grants to resident undergraduates enrolled at least half-time in private, nonprofit postsecondary institutions in Wisconsin. Base level funding for the tuition grant program is \$26,870,300. Under the substitute amendment, funding for the tuition grant program would be \$27,870,300 in 2013-14 and \$26,870,300 in 2014-15.

7. REESTIMATE MINNESOTA-WISCONSIN STUDENT RECIPROCALITY [LFB Paper 367]

GPR	-\$1,750,000
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Joint Finance/Legislature: Reestimate payments under the agreement by -\$350,000 in 2013-14 and -\$1,400,000 in 2014-15, which would establish funding amounts of \$8,250,000 in 2013-14 and \$7,200,000 in 2014-15, to reflect the phasing out of the Wisconsin reciprocity supplement program. Base level funding for the reciprocity appropriation is \$8,600,000.

HISTORICAL SOCIETY

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$28,265,800	\$29,846,000	\$28,230,500	\$28,230,500	\$28,230,300	- \$35,500	- 0.1%
FED	2,393,800	2,527,800	2,527,800	2,527,800	2,527,800	134,000	5.6
PR	5,325,400	6,102,300	5,495,100	5,495,100	5,495,100	169,700	3.2
SEG	<u>7,671,000</u>	<u>9,458,600</u>	<u>7,533,600</u>	<u>7,533,600</u>	<u>7,533,400</u>	<u>- 137,600</u>	- 1.8
TOTAL	\$43,656,000	\$47,934,700	\$43,787,000	\$43,787,000	\$43,786,600	\$130,600	0.3%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	100.15	100.65	87.32	87.32	93.65	- 6.50
FED	6.36	6.36	6.36	6.36	6.36	0.00
PR	13.75	15.75	13.75	13.75	13.75	0.00
SEG	<u>11.28</u>	<u>13.28</u>	<u>10.61</u>	<u>10.61</u>	<u>11.28</u>	<u>0.00</u>
TOTAL	131.54	136.04	118.04	118.04	125.04	- 6.50

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget by -\$96,300 GPR in 2013-14 and -\$94,600 GPR in 2014-15, \$66,900 FED in 2013-14 and \$67,100 FED in 2014-15, \$59,400 PR in 2013-14 and \$60,700 PR in 2014-15, and -\$68,700 SEG annually for the following: (a) turnover reduction (-\$171,500 GPR annually); (b) full funding of continuing salaries and fringe benefits (\$53,300 GPR annually, \$55,400 FED annually, \$68,800 PR annually, and -\$71,300 SEG annually); (c) reclassifications and semiautomatic pay progression (\$2,800 SEG annually); (d) overtime (\$7,300 GPR annually); (e) night and weekend differential pay (\$12,400 GPR annually); (f) full funding of lease and directed moves costs (\$2,200 GPR in 2013-14 and \$3,900 GPR in 2014-15, \$11,500 FED in 2013-14 and \$11,700 FED in 2014-15, -\$9,400 PR in 2013-14 and -\$8,100 PR in 2014-15,

GPR	-\$190,900
FED	134,000
PR	120,100
SEG	<u>- 137,400</u>
Total	- \$74,200

and -\$200 SEG annually); and (g) minor transfers within the same appropriation.

2. PERMANENT GPR REDUCTIONS

	Funding	Positions
GPR	- \$1,175,600	- 6.50

Governor/Legislature: Delete \$587,800 annually and 6.5 positions to implement the lapse provisions of 2011 Act 32 relating to reductions in base funding.

3. DELETE POSITIONS

	Jt. Finance/Leg.		Veto		Net Change	
	(Chg. to Base)		(Chg. to Leg.)			
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$0	- 6.33	- \$200	6.33	- \$200	0.00
SEG	<u>0</u>	<u>-0.67</u>	<u>-200</u>	<u>0.67</u>	<u>-200</u>	<u>0.00</u>
Total	\$0	- 7.00	- \$400	7.00	- \$400	0.00

Joint Finance/Legislature: Delete 6.33 GPR positions and 0.67 SEG positions.

Veto by Governor [K-57]: Decrease appropriations for general program operations by \$100 GPR annually and the history preservation partnership trust fund by \$100 SEG annually. In the Governor's veto message, the Secretary of Administration is directed not to reduce the agency's authorized positions by 7.00 FTE in the state personnel management information system.

[Act 20 Vetoed Section: 200 (as it relates to s. 20.245(1)(a)&(r))]

4. CIRCUS WORLD MUSEUM [LFB Paper 375]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$1,200,000	6.00	- \$1,200,000	- 6.00	\$0	0.00
PR	607,200	2.00	- 607,200	- 2.00	0	0.00
SEG	<u>1,925,000</u>	<u>2.00</u>	<u>-1,925,000</u>	<u>-2.00</u>	<u>0</u>	<u>0.00</u>
Total	\$3,732,200	10.00	- \$3,732,200	-10.00	\$0	0.00

Governor: Provide \$500,000 GPR in 2013-14 and \$700,000 GPR in 2014-15 and 6.0 GPR positions beginning in 2013-14, \$303,600 PR annually and 2.0 PR positions beginning in 2013-14, and \$962,500 SEG annually and 2.0 SEG positions beginning in 2013-14 to provide funding for the Circus World Museum to operate as a historic site within the Historical Society. Provide that the Historical Society would operate and maintain Circus World Museum as a

historic site, if there is not a lease agreement in effect with the Circus World Museum Foundation for the purpose of operating the museum.

Currently, the Circus World Museum facilities and site are state-owned, but operations are funded privately through the Circus World Museum Foundation.

Joint Finance/Legislature: Delete provision.

5. LIBRARY AND ARCHIVES DIGITAL REPOSITORY [LFB Paper 376]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)		Funding	Positions
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$415,500	1.00	-\$415,500	- 1.00	\$0	0.00

Governor: Provide \$237,900 in 2013-14 and \$177,600 in 2014-15 and 1.0 position beginning in 2013-14 to fund the continued development of a digital repository for state and local government records, and 1.0 data services specialist position. Due to government records increasingly being created as, or reformatted to, digital files, the Historical Society is developing the capacity to accept, store, manage, and preserve large quantities of digital information to meet its statutory responsibility to maintain the official state archives. Funding would provide large capacity drive storage with back up (\$40,000 annually) and servers (\$12,000 annually) through the UW-Madison Division for Information Technology, programming support (\$15,000 annually), library digital preservation software (\$5,000 annually), and hardware and software acquisition and maintenance (\$27,000 annually), as well as the one-time cost of purchasing a digital file to analog microfilm archive writer (\$80,000 in 2013-14) as a long-term backup preservation tool. Funding for the data service specialist position, which would manage and oversee the information technology for the repository, would equal \$58,900 in 2013-14 and \$78,600 in 2014-15.

Joint Finance/Legislature: Delete provision.

6. LIBRARY AND ARCHIVES RECORDS MANAGEMENT

PR	\$56,000
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Governor/Legislature: Provide \$28,000 PR annually to fund the Historical Society's existing public records management programs and to rent additional space for public records until the new state preservation storage facility is completed in 2015-16. The program revenue is from charges to other state agencies for the management of their public records that must be archived and stored.

7. DATA CENTER TRANSFER

GPR	\$100,000
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Governor/Legislature: Provide \$50,000 annually to fund moving the Historical Society's data center to the University of Wisconsin-Madison's Division of Information Technology

(DOIT) and the cost of storage and maintenance of the Society's servers thereafter. The Historical Society indicates that the data center requires additional space and ventilation, and it has determined that relocating the Society's servers to DOIT would be less costly than renovating the current space.

8. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	\$1,515,300
PR	- 6,400
Total	\$1,508,900

Governor/Legislature: Provide \$747,600 GPR in 2013-14 and \$767,700 GPR in 2014-15 and delete \$4,500 PR in 2013-14 and \$1,900 PR in 2014-15 as a reestimate of debt service payments. Base level funding is \$2,496,000 GPR and \$6,900 PR.

9. FUEL AND UTILITIES REESTIMATE

GPR	- \$284,100
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Governor/Legislature: Delete \$154,400 in 2013-14 and \$129,700 in 2014-15 to reflect estimated costs for fuel and utilities at Historical Society facilities. Base level funding is \$1,075,700.

10. UNCLASSIFIED POSITION AUTHORITY

Governor: Modify the unclassified positions authorized for the Historical Society to delete 1.0 position for a division administrator and instead provide 1.0 position for an executive assistant. The Historical Society is authorized 5.0 division administrators, but is organized into four divisions and, therefore, the fifth division administrator position is not used.

Joint Finance/Legislature: Delete provision.

INSURANCE

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
FED	\$0	\$1,978,800	\$1,978,800	\$1,978,800	\$1,978,800	\$1,978,800	N.A.
PR	34,055,000	33,699,000	33,640,400	33,640,400	33,640,400	- 414,600	- 1.2%
SEG	<u>174,523,000</u>	<u>180,404,800</u>	<u>180,404,800</u>	<u>180,404,800</u>	<u>180,404,800</u>	<u>5,881,800</u>	3.4
TOTAL	\$208,578,000	\$216,082,600	\$216,024,000	\$216,024,000	\$216,024,000	\$7,446,000	3.6%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
FED	9.30	9.30	9.30	9.30	9.30	0.00
PR	130.25	132.25	132.25	132.25	132.25	2.00
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	152.30	154.30	154.30	154.30	154.30	2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- \$544,300
SEG	<u>- 6,500</u>
Total	- \$550,800

Governor/Legislature: Reduce funding by \$286,200 (-\$282,500 PR and -\$3,700 SEG) in 2013-14, and by \$264,600 (-\$261,800 PR and -\$2,800 SEG) in 2014-15 to reflect the following standard budget adjustments: (a) turnover reduction (-\$239,300 PR annually); (b) removal of non-continuing salary and fringe (-\$63,400 PR and -\$4,600 SEG annually); and (c) lease and directed move costs (\$20,200 PR and \$900 SEG in 2013-14 and \$40,900 PR and \$1,800 SEG in 2014-15).

2. OFFICE SPACE [LFB Paper 380]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Earned	\$0	\$61,500	\$61,500
PR	\$177,300	-\$58,600	\$118,700

Governor: Provide \$87,800 in 2013-14 and \$89,500 in 2014-15 to fund projected increases in costs OCI will incur by occupying an additional 3,766 square feet of office space at the GEF 3 State Office Building. DOA approved OCI's request to occupy and remodel this space, and OCI moved into the new space in March, 2013, to accommodate increased staffing levels, and to meet the agency's conference space needs.

Joint Finance/Legislature: Reduce funding by \$29,300 annually. Increase estimates of insurance fee revenues transferred to the general fund (GPR-Earned) by \$32,200 in 2013-14 and \$29,300 in 2014-15.

3. ADMINISTRATIVE STAFFING

	Funding	Positions
PR	\$43,300	2.00

Governor/Legislature: Provide \$18,900 in 2013-14 and \$24,400 in 2014-15, and 2.0 positions, beginning in 2013-14, to replace contracted receptionist and mailroom staff with permanent positions.

4. BOARD ON AGING AND LONG-TERM CARE -- MEDIGAP HELPLINE

PR	-\$32,300
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Governor/Legislature: Reduce funding by \$10,400 in 2013-14 and by \$21,900 in 2014-15 to reflect a reestimate of the amount of funding OCI will need to transfer to the Board on Aging and Long-Term Care to support the Board's Medigap Helpline, which provides insurance information to elderly individuals. This adjustment is intended to fund salaries of continuing positions, update to the Helpline's database, and reduce funding to reflect the discontinuation of the Board's PR lapse requirements enacted in 2011 Act 32. Under the bill, OCI would transfer a total of \$505,300 in 2013-14 and \$493,800 in 2014-15 to the Board for the Helpline.

5. LOCAL GOVERNMENT PROPERTY INSURANCE FUND CLAIMS

SEG	\$5,888,300
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Governor/Legislature: Provide \$2,387,500 in 2013-14 and \$3,500,800 in 2014-15 to reflect projected increases in claims payments from the Local Government Property Insurance Fund in the 2013-15 biennium. The fund provides property insurance to local governments, and is supported by premiums paid by those policyholders and earnings on fund investments. As of February, 2013, 1,098 local governments held policies through the fund, which covered \$52.2 billion of property. OCI projects claim payments will increase by 3.9% annually from actual 2011-12 claims payments, totaling \$28,546,900 in 2013-14 and \$29,660,200 in 2014-15,

compared to base funding of \$26,159,400. This item modifies the fund's appropriation to more accurately reflect OCI's claims projections.

6. HEALTH INSURANCE RATE REVIEW -- FEDERAL FUNDS REESTIMATE

FED	\$1,978,800
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Governor/Legislature: Provide \$1,583,000 in 2013-14 and \$395,800 in 2014-15 to reflect estimates of federal grant funds OCI will spend on health insurance rate review and reporting processes. In September, 2011, OCI received a four-year, \$3,958,800 grant authorized under the federal Patient Protection and Affordable Care Act to conduct various activities related to the review of health insurance rate filings submitted by insurance companies, and to facilitate consumer access to that information. This grant supports approximately 6.8 FED positions and contracted actuarial, consultant and information technology services. OCI expects to spend approximately \$2.0 million of the grant by July 1, 2013, with the remainder budgeted and spent in the 2013-15 biennium. Although OCI may expend all federal grant funding it receives for authorized purposes, this item increases the agency's federal appropriation to reflect projected spending in the 2013-15 biennium.

7. NON-RESIDENT AGENT APPOINTMENT FEES

PR-REV	- \$3,997,200
GPR-Earned	- \$3,997,200

Joint Finance/Legislature: Reduce the initial and renewal fee that OCI collects for the appointment of a non-resident agent from \$50 to \$40, effective July 1, 2014. Reduce estimates of fee revenue OCI will collect in 2014-15 by \$3,977,200, and reduce estimates of fee revenue that will be transferred to the general fund by \$3,977,200 in 2014-15.

[Act 20 Sections: 2264d and 9422(1i)]

8. HEALTH CARE LIABILITY SELF-INSURANCE

Joint Finance/Legislature: Under statutory provisions related to health care liability insurance, define a "self-insurance plan" as a plan approved by the Commissioner of Insurance to self-insure health care providers against medical malpractice claims in accordance with Chapter 655 of the statutes, and specify that such a plan may provide coverage to a single health care provider or affiliated health care providers. Define "affiliated health care providers" to include health care providers employed by a common health care provider and health care providers affiliated under a controlling legal entity. Permit an approved self-insurance plan to provide coverage for all affiliated health care providers under a controlling legal entity.

Veto by Governor [D-16]: Delete the provision defining "affiliated health care providers" to include health care providers employed by a common health care provider and health care providers affiliated under a controlling legal entity.

[Act 20 Sections: 2267h and 2267k]

[Act 20 Vetoed Sections: 2267f and 2267g]

9. HEALTH INSURANCE RISK-SHARING PLAN [LFB Paper 381]

Joint Finance/Legislature: Incorporate provisions to dissolve the Health Insurance Risk-Sharing Plan (HIRSP). These provisions would result in coverage provided by HIRSP ending on January 1, 2014, or the date on which any coverage accessed through a health benefit exchange is effective.

Termination of HIRSP Coverage. End all HIRSP coverage on January 1, 2014, or on the date that any health insurance coverage that is accessed through a health benefit exchange is effective (if later than January 1, 2014). Prohibit the HIRSP Authority from issuing new HIRSP coverage after December 31, 2013, and new HIRSP Federal coverage after December 1, 2013.

Require the HIRSP Authority, on behalf of the Commissioner of Insurance, to give notice of the dissolution of HIRSP by first class mail at the last-known address to all people known or reasonably expected from HIRSP's records to have claims against the plan, including all policyholders. Require that such notice be given at least 60 days before the last date of coverage. Specify that the notice to potential claimants require claimants to file claims within 90 days of the last date of coverage. Specify that the notice must be consistent with the terms of the policies and contracts, and with current law provisions related to notice of creditors and others under Chapter 645 of the statutes (related to the dissolution of insurers), and serve as final notice consistent with Chapter 645.

If HIRSP coverage terminates on a date after January 1, 2014 (due to coverage through the exchange not going into effect on January 1, 2014), permit the HIRSP Authority to allow HIRSP Federal members to transition to standard HIRSP coverage, and participate in that program until coverage ends.

Specify under Chapter 177 of the statutes (related to unclaimed property) that any intangible property distributable in the course of the dissolution of HIRSP is presumed abandoned as otherwise provided under Chapter 177, if certain provisions related to the demutualization of an insurance company do not apply to the distribution. Specify that for the purposes of Chapter 177 of the statutes, that the winding down of HIRSP shall be considered a dissolution of an insurer, except that a court order is not required to effect the dissolution of HIRSP.

Reimbursement, Grievances and Independent Review. Require providers of medical services, devices, or prescription drugs to file any claims for HIRSP reimbursement no later than 90 days after the termination of HIRSP coverage. Any claim filed after that date would not be payable, and could not be charged to the HIRSP member who received the service. Specify that except for copayments, coinsurance, or deductibles required or authorized by HIRSP, during the 90 days after HIRSP coverage terminates (and consistent with current law provisions related to HIRSP on payment in full, and covered expenses), a provider may not bill an eligible person who receives a covered service or article and must accept as payment in full the payment rate established by the HIRSP Authority under provisions of current law.

Require proof of all claims to be filed with OCI in the form provided by OCI consistent with the proof of claim, as applicable, under s. 645.62 of the statutes, on or before the last day

specified for filing. If a good cause is shown, require OCI to permit a claimant making a late filing when the claimant did not know of the existence of a claim and the claimant makes the claim within 30 days of learning of it, but not more than 210 days after the last date of coverage. Specify that such late claim that would have been payable under the policy under the plan if it had been filed timely and that was not covered by a succeeding insurer shall be permitted unless the claimant had actual notice of the plan's termination or the notice was mailed to the claimant by first class mail at least 10 days before the insured event occurred.

Require HIRSP members to submit any grievances in writing within 180 days of the date that HIRSP coverage terminates, and that they submit any grievance related to prior authorization denial no later than 45 days before HIRSP coverage terminates, except for such grievances that meet the requirements for expedited review must be submitted no later than the date on which HIRSP coverage terminates.

Require a HIRSP member who submits a grievance after HIRSP coverage terminates to request an independent review, if any, no later than 60 days after receiving notice of the disposition of the grievance.

HIRSP Authority and Board Responsibilities. Require the HIRSP Authority to pay plan costs in 2013, and all other plan costs associated with dissolving the plan incurred before the transfer of administrative responsibility to OCI (see below). Require the Authority and OCI to make every effort to pay plan costs in accordance with, or as closely as possible to, the manner provided in current law.

Require the Board to develop a proposal, which OCI must follow, for the dispensation of the plan's cash assets that remain after all HIRSP financial obligations are satisfied. To the extent feasible and practical, this proposal must provide for the return of any remaining funds to the source from which it was derived, including insurers, providers, and policyholders. If returning funds directly is not feasible, the proposal must provide for alternative dispensations, such as using remaining funds in support of activities providing an indirect benefit to insurers, providers, or policyholders.

Allow the HIRSP Authority to extend any currently effective administrative contracts into 2014, regardless of a contract's expiration date, without having to comply with requirements for extending such contracts under current law.

Require the Authority to submit a final report to the Legislature on plan operation no later than September 30, 2013.

Require the Board to dispose of any HIRSP noncash assets as soon as possible after the closing of the Authority's administrative offices, and to make any other decisions or actions necessary to "wind up" HIRSP affairs and transfer responsibility to OCI. Require that all actions taken by the Board must be consistent with HIRSP's purpose, and not endanger its solvency.

Transfer of Administrative Responsibility to OCI. Sixty days after the date that HIRSP coverage terminates, transfer administrative responsibility for the dissolution of the plan to OCI. Require the Commissioner to take any action needed or advisable to wind up the affairs of the

plan, in accordance with the proposal developed by the Board, and notify and provide final financial statements to the Legislative Audit Bureau (LAB) when this wind-up is complete.

Create two appropriations under OCI. One continuing PR appropriation would receive any subrogation recoveries, drug rebates, or any other source related to HIRSP operations or dissolution and specify that this appropriation would pay for expenses related to winding up the affairs of HIRSP (except for operational expenses paid from the second appropriation), to distribute monetary assets, and to transfer a sum to the second appropriation. The second, a continuing PR-S appropriation would receive funds from the first appropriation and pay for operational expenses, including hiring consultants, limited-term employees, and experts. Specify that any expenses incurred by the HIRSP Authority or OCI may only be payable from these appropriations, from the funds of the Authority, or from any combination of those sources.

Transfer all tangible personal property of the HIRSP Authority, including records, to OCI. Transfer all existing contracts and agreements entered into by the HIRSP Board to OCI, and require OCI to carry out contractual obligations until the contract or agreement terminates, or is modified or rescinded. Transfer any pending matters, including grievances and independent reviews, payment claims, or subrogation claims, to OCI, and consider any materials submitted to or actions taken by OCI related to a pending matter as having been submitted to or taken by the HIRSP Authority.

Permit OCI to enter into such contracts as are necessary to carry out the dissolution of HIRSP.

Transition of HIRSP Board to HIRSP Advisory Committee. Sixty days after the date that HIRSP coverage terminates, create a HIRSP Advisory Committee consisting of the Commissioner of Insurance or his or her designee, and the 13 other members of the HIRSP Board that held office on that date. Require the HIRSP Advisory Committee to advise and assist OCI with its duties in the dissolution and wind-up of the plan. Require OCI to staff and provide funding for the HIRSP Advisory Committee.

Specify that if a vacancy occurs on the HIRSP Advisory Committee, the Governor would appoint a successor who meets the same qualifications and criteria as the outgoing committee member.

Require the Commissioner of Insurance to provide periodic updates to the HIRSP advisory committee regarding the dissolution of HIRSP, and to include, at a minimum, expenses and claims paid information in such updates.

Terminate the HIRSP Advisory Committee 60 days after the LAB conducts the final audit of the plan.

Other Provisions. Provide that the HIRSP Authority, Board of Directors, the Commissioner of Insurance (or any agent, employee, or representative of OCI) may not be held liable for any act or omission committed in the performance of their duties under Chapter 149 or the provisions of this phase-out plan. (This is similar to current statutory provisions limiting the liability of the Authority.)

Require the LAB to do all of the following: (a) conduct its annual audit for calendar year 2013 by June 30, 2014; (b) complete a final audit of the plan within 90 days of receiving the final financial statements from OCI; and (c) file copies of both audit reports with the recipients designated under current law. These audit costs would be paid out of the funds of the HIRSP Authority, and the newly-created HIRSP appropriation in OCI.

Require insurers offering Medicare supplement or replacement policies to provide coverage to anyone who meets all the following criteria: (a) is eligible for Medicare; (b) had HIRSP coverage that terminated on January 1, 2014 (or the a date later than January 1, 2014 if exchange-based coverage did not go into effect); (c) applies for a Medicare supplement or replacement policy within 63 days of the termination of HIRSP coverage; and (d) pays the premium for the Medicare supplement or replacement policy. Provide that an insurer may not deny coverage to a person who meets all the listed criteria based on health status. Require the HIRSP Authority to notify such insurers of this requirement within 60 days of the effective date of the bill.

Sunset the tax credit that insurers may claim for HIRSP assessments paid (limited to a total of \$5 million per year for all insurers), beginning in 2014. This provision is also summarized under "General Fund Taxes."

Repeal Chapter 149 of the statutes, which created HIRSP and the HIRSP Authority, effective January 1, 2015. Delete statutory cross-references to Chapter 149 and the HIRSP Authority.

Effective Dates. In general, these provisions would take effect on the later of July 1, 2013, or the date of the bill's publication. Changes related to the notice requirements for HIRSP coverage when a private insurance policy is cancelled or not renewed would take effect on December 31, 2013. The deletion of Chapter 149 and all statutory cross-references to HIRSP, would take effect on January 1, 2015. The HIRSP tax credit would be eliminated beginning in tax year 2014.

Veto by Governor [D-17]: Delete the provision requiring OCI to follow the proposal for dispensation of the plan's cash assets developed by the HIRSP Board.

[Act 20 Sections: 1g, 6f, 27b, 27pr, 27q, 27s, 49m thru 49r, 54c, 54s, 65am, 65p, 67d thru 67h, 67j, 68c, 91c, 92c, 102c, 118c thru 122j, 138m, 155d, 204g, 344v, 515c, 530c, 709c, 1210c, 1278r, 1438c, 1440c, 1440d, 1473c thru 1473f, 1488c, 1599n, 1900n, 1971n, 1998u, 2017m, 2017p, 2264s, 2265ab thru 2265c, 2265m thru 2265z, 2266j, 2266n, 2267e, 2318h, 9122(1L), 9122(1m), 9337(4L), 9422(1L), 9422(1m), 9437(4L), and 9437(4n)]

[Act 20 Vetoed Section: 9122(1L)]

10. REGULATION OF EXCHANGE NAVIGATORS

Joint Finance/Legislature: Require OCI to license and register "navigators," who will facilitate enrollment of individuals and families in insurance coverage obtained through a health

benefits exchange, and prohibit individuals or entities from acting as navigators without being licensed by OCI.

Definitions. Define the following terms.

"Exchange" as the American Health Benefit Exchange authorized in the Patient Protection and Affordable Care Act (ACA) (42 USC 18031).

"Health benefit plan" as that term is defined in s. 632.745(11) of the statutes.

"Navigator" as any natural person or an entity that supervises or employs a natural person who does the following: (a) performs any of the activities and duties identified in federal law related to the navigator program (42 USC 18031(i) and 45 CFR 155.210) on behalf of the exchange; and (b) receives funding to perform any of the activities and duties identified in federal law related to the navigator program (42 USC 18031(i) and 45 CFR 155.210) on behalf of the exchange. Specify that the term "navigator" does not include a person who is licensed under Subchapter II of Chapter 628 of the statutes and acting as an insurance intermediary, but specify that an insurance intermediary may apply to be licensed as a navigator under these provisions.

"Non-navigator assister" as any natural person who has been designated by the exchange, or could reasonably be described as working at the behest of the exchange as a non-navigator assister, such as an in-person assister, enrollment assister, application assister, or certified application counselor.

Navigator Licenses. Prohibit any natural person or entity from acting as a navigator in this state unless licensed or registered as a navigator.

Require a natural person applying for a navigator license to make an application to the Commissioner of Insurance ("Commissioner") on a form developed by the Commissioner, and declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct and complete to the best of the individual's knowledge and belief.

Before approving the application, require the Commissioner to find that the individual meets all of the following criteria: (a) is at least 18 years of age; (b) resides in the state, or maintains his or her principal place of business in the state; (c) has completed the training and course of study requirements established by the Commissioner (as described below), and any training and course of study requirements mandated by the exchange; (d) has successfully passed a written examination approved by the Commissioner (as described below) that tests the applicant's knowledge concerning the duties and responsibilities of a navigator, the insurance laws and regulations of this state, and state public assistance programs and eligibility; (e) has submitted a full set of fingerprints to the Commissioner and successfully completed a criminal and regulatory history background investigation in a manner prescribed by the Commissioner (as described below); (f) possesses the requisite character, integrity, competency, and trustworthiness as determined in accordance with the criteria under the rules promulgated under current law s. 628.04 of the statutes; (g) has not committed any act that the Commissioner finds

would warrant the denial, suspension, or revocation of a license; (h) has identified the entity which he or she will be affiliated with and supervised by, if any; and (i) has paid the applicable licensing fee.

Registration. Require an entity that acts or intends to operate as a navigator to first register as a navigator entity with the Commissioner. Specify that the registration must be on a form developed by the Commissioner, which includes such documentation as the Commissioner may deem necessary and appropriate. Before being registered, require the entity to establish to the satisfaction of the Commissioner that the entity meets all of the following criteria: (a) has policies and procedures in place to ensure that all acts that may only be performed by a licensed intermediary or navigator are performed by persons who are appropriately licensed under these provisions and Subchapter II of Chapter 628 of the statutes; (b) certifies that it will assume full legal responsibility for the acts of the individual navigators that it employs, supervises, or is affiliated with that are performed in this state and that are within the scope of the navigator's apparent authority; (c) is sound, reliable, and entitled to public confidence; (d) has paid the applicable registration fee; and (e) has identified a designated responsible Wisconsin-licensed individual navigator on the registration form.

Authorize the Commissioner to require any documents deemed necessary to verify the information contained in an application by an individual for licensure as a navigator, or by an entity for registration as a navigator.

List of Individual Navigators. Require registered navigator entities to, in a manner prescribed by the Commissioner, provide the Commissioner with a list of all individual navigators that it employs, supervises, or is affiliated with upon initial registration. Require the entity to provide updates to the list of individual navigators, if any, on a monthly basis. Specify that a navigator entity is bound by the acts of the individual navigators who have been, or should have been, reported under this provision that are performed in this state and that are within the scope of the navigator's apparent authority.

Financial Responsibility. Require each entity that is a navigator, and each individual navigator not affiliated with an entity, to furnish a bond in an amount no less than \$100,000 from an insurer authorized to do business in this state, or provide other evidence of financial responsibility capable of protecting all persons against the wrongful acts, misrepresentations, errors, omissions, or negligence of the navigator. Permit the Commissioner to define by rule the amount of the financial responsibility requirement and alternative requirements for complying with this provision.

Fingerprints and Criminal and Regulatory Background Check. Require each navigator applying for licensure to provide fingerprints in a format specified by the Commissioner, and to complete a criminal and regulatory background check as a condition for being granted a license to act as a navigator. Require the Commissioner to use the fingerprints to conduct a state criminal history background investigation of the applicant with the Federal Bureau of Investigation.

Training and Examination. Require an individual navigator to complete at least 16 hours of

pre-licensing training and satisfactorily complete an approved written examination for navigators prior to applying for an individual navigator's license. Require an individual navigator, after licensure, to complete a course of study of at least eight hours of approved training in every one-year period. Permit the Commissioner to do the following: (a) approve and designate courses and programs that an applicant for a navigator license may complete to fulfill the pre-licensing training requirement or the annual training requirement; and (b) make arrangements, including contracting with an outside testing service or other appropriate entity to administer examinations and collect fees.

Non-Navigator Assistants. Require any entity that employs a non-navigator assister to provide the Commissioner, in a manner prescribed by the Commissioner, with a list of all non-navigator assistants that it employs, supervises, or is formally affiliated with upon the non-navigator assistants first becoming authorized by the exchange to provide non-navigator assistance. Require the entity to provide updates to the list of non-navigator assistants, if any, on a monthly basis.

Prohibit a non-navigator assister from acting as a non-navigator assister in this state until registered with the Commissioner. Permit the Commissioner to refuse to register any non-navigator assister who: (a) does not meet the requisite character, integrity, competency, and trustworthiness as determined in accordance with the criteria under the rules promulgated under current law s. 628.04 of the statutes; or (b) has committed any act that the Commissioner finds would warrant the denial, suspension, or revocation of a license or registration under these provisions.

In addition to the requirements described above, require certified application counselors, as defined by federal rule (45 CFR 155.225), to meet the training and examination requirements that apply to navigators (as described above). Permit certified application counselors to also become licensed as navigators.

Specify that an entity that employs, supervises, or is formally affiliated with a non-navigator assister assumes the legal responsibility for the acts of the non-navigator assister that are performed in this state and that are within the scope of the non-navigator assister's apparent authority to act as a non-navigator assister on behalf of that entity.

Specify that these provisions related to non-navigator assistants do not apply to any governmental entities, or any persons acting on behalf of a governmental entity.

Navigator and Non-navigator Assister Conduct. Specify that a navigator or a non-navigator assister in the performance of their duties is deemed to constitute transacting the business of insurance.

Prohibit a navigator or non-navigator assister from doing any of the following: (a) receiving compensation from an insurer who offers a health benefit plan or stop loss insurance, or a third-party administrator; (b) providing any information or services related to enrollment in health benefit plans or other insurance products not offered in the exchange; (c) making or causing to be made any communication related to the exchange, health benefit plans, an insurance contract, the insurance business, any insurer, any navigator, any non-navigator assister,

or any intermediary that contains false, deceptive, or misleading information, including information that is misleading because of incompleteness; (d) providing advice about which health benefit plan is better or worse for a particular individual or employer; (e) recommending a particular health benefit plan or insurer or advising consumers about which health benefit plan to choose; (f) engaging in any unfair method of competition or any other unfair, fraudulent, deceptive, or dishonest act or practice; or (g) receiving compensation that is dependent in whole or in part on whether an individual enrolls in or renews a health benefit plan.

Permit the Commissioner to require that any person that violates these provisions make restitution to any person who has suffered injury because of a violation of these provisions.

OCI Rule-Making Authority. Permit the Commissioner to promulgate any rules necessary to carry out the purposes of this subchapter. Permit the Commissioner to promulgate these rules (except for rules related to fees, described below) as emergency rules, and specify that the Commissioner may promulgate the rules without providing evidence that the rule is necessary for the preservation of the public peace, health, safety, or welfare, and without a finding of emergency.

Fees. Set the initial license fee for an individual navigator at \$75, and annual license renewal fee at \$35, unless the Commissioner specifies a different amount by rule. Set the initial registration fee for a navigator entity at \$100, and the annual registration renewal fee at \$100, unless the Commissioner specifies a different amount by rule.

Inclusion of Navigators in Provisions Related to Intermediaries. Apply to navigators the following provisions of current law that apply to insurance intermediaries:

- Requirements related to provision of an applicant's social security number (SSN) or federal employer identification number (FEIN), including requiring inclusion of a SSN or FEIN on a license application and when the annual renewal fee is paid, prohibiting OCI from issuing a license or registration if the applicant doesn't provide the SSN or FEIN, allowing disclosure of a SSN or FEIN to the Department of Children and Families or the Department of Revenue, and addressing situations where an applicant has no social security number.
- Prohibiting OCI from issuing a license or registration to an individual who is delinquent on child support payments, fails to comply with a subpoena related to such payments, or is liable for delinquent taxes, or from issuing a registration to an entity that is liable for delinquent taxes.
- Requirements related to how a license may be terminated, revoked, suspended or limited, and how an individual may reapply for a license or have the license reinstated following revocation, and when those provisions apply.

[Act 20 Sections: 1227c, 1462n, 2264L, 2264p, and 2265cm thru 2265Lm]

INVESTMENT BOARD

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
PR	\$70,600,000	\$70,600,000	\$70,600,000	\$70,600,000	\$70,600,000	\$0	0.0%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
PR	145.10	145.10	145.10	145.10	145.10	0.00

The 2011-13 biennial budget act (Act 32) authorized the State of Wisconsin Investment Board (SWIB) to independently establish its operating budget each year and monitor the fiscal management of the budget. Act 32 also authorized SWIB's Executive Director to independently create or abolish staff positions for the agency.

In addition, Act 32 requires that SWIB provide quarterly reports to the Department of Administration, the Co-Chairpersons of the Joint Committee on Finance and the Co-Chairpersons of the Joint Committee on Audit, identifying all operating expenditures and the number of full-time equivalent positions created or abolished during that quarter. Finally, SWIB officials are now required to appear each fiscal year at the first quarterly meeting of the Joint Committee on Finance under s. 13.10 of the statutes to provide an update of SWIB's budget changes, position authorization changes, assessment of the funds under management, and performance of the funds under management for the current and next fiscal year.

In June, 2012, the Board approved an operating budget for 2012-13 of \$35.3 million. In the table above, this amount is indicated for the adjusted base in 2012-13. Under the bill's appropriation schedule, \$35,300,000 annually is shown in the Board's general program operations appropriation account. Note that on June 12, 2013, the Board approved a 2013-14 operating budget of \$44.6 million, or \$9.3 million higher than the base amount of \$35.3 million. In addition, the Board approved the authorization of 148.1 positions in 2013-14, an increase of 3.0 positions compared to the base authorization of 145.1 FTE. The SWIB operating budget and position authorization for 2014-15 will be established by the Board in June, 2014.

The Board's funding is provided through assessments on each fund for which the Board has management responsibility for its share of SWIB's operating expenditures. The funds under SWIB management include the core and variable retirement trust funds, the state investment fund, the local government property insurance fund, the state life insurance fund, the injured patients and families compensation fund, the EdVest tuition trust fund, and the Historical Society trust fund.

JUDICIAL COMMISSION

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$581,800	\$578,900	\$578,900	\$578,900	\$578,900	-\$2,900	- 0.5%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$5,900
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Governor/Legislature: Adjust base budget funding for full funding of salaries and fringe benefits (\$200 annually) and full funding of lease and directed moves costs (\$2,500 in 2013-14 and \$3,000 in 2014-15).

2. RISK MANAGEMENT PREMIUMS

GPR	-\$16,800
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Governor/Legislature: Reduce funding by \$8,400 annually associated with a projected decrease in premiums charged for risk management by the Department of Administration's Bureau of State Risk Management.

3. SUPPLIES AND SERVICES

GPR	\$8,000
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Governor/Legislature: Provide \$4,000 annually associated with equipment for the electronic storage and transfer of documents.

JUDICIAL COUNCIL

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$139,400	\$133,300	\$139,400	\$139,400	\$139,400	\$0	0.0%
PR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0
TOTAL	\$139,400	\$133,300	\$139,400	\$139,400	\$139,400	\$0	0.0%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
PR	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.00</u>
TOTAL	1.00	1.00	1.00	1.00	1.00	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$6,100	\$6,100	\$0

Governor: Adjust the base for full funding of salaries and fringe benefits (-\$3,700 annually) and full funding of lease and directed moves costs (\$500 in 2013-14 and \$800 in 2014-15).

Joint Finance/Legislature: Delete provision.

JUSTICE

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$83,396,200	\$92,453,300	\$90,664,900	\$90,664,900	\$90,300,100	\$6,903,900	8.3%
FED	15,762,400	49,728,900	49,728,900	49,728,900	49,728,900	33,966,500	215.5
PR	78,994,000	97,419,900	98,122,000	98,122,000	98,122,000	19,128,000	24.2
SEG	<u>746,200</u>	<u>778,400</u>	<u>778,400</u>	<u>778,400</u>	<u>778,400</u>	<u>32,200</u>	4.3
TOTAL	\$178,898,800	\$240,380,500	\$239,294,200	\$239,294,200	\$238,929,400	\$60,030,600	33.6%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	383.08	400.58	391.58	391.58	391.58	8.50
FED	24.95	40.33	40.33	40.33	40.33	15.38
PR	198.71	232.08	237.08	237.08	237.08	38.37
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	609.49	675.74	671.74	671.74	671.74	62.25

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments totaling -\$512,000 GPR, -\$3,500 FED, \$754,500 PR, and \$15,800 SEG in 2013-14, and -\$441,600 GPR, \$2,000 FED, \$454,600 PR, and \$16,400 SEG in 2014-15. Adjustments are for: (a) turnover reduction (-\$580,300 GPR and -\$136,400 PR annually); (b) removal of noncontinuing elements from the base (-\$347,300 PR in 2014-15); (c) full funding of salaries and fringe benefits (-\$16,300 GPR, -\$162,400 FED,

GPR	-\$953,600
FED	- 1,500
PR	1,209,100
SEG	<u>32,200</u>
Total	\$286,200

\$300,900 PR, and -\$6,100 SEG annually); (d) overtime (\$151,200 GPR, \$533,800 PR, and \$11,000 SEG annually); (e) night and weekend differential (\$9,600 GPR and \$2,200 PR annually); and (f) full funding of lease costs and directed moves (-\$76,200 GPR, \$158,900 FED, \$54,000 PR, and \$10,900 SEG in 2013-14, and -\$5,800 GPR, \$164,400 FED, \$101,400 PR, and \$11,500 SEG in 2014-15).

2. PAY PROGRESSION -- ASSISTANT ATTORNEYS GENERAL [LFB Paper 245]

Governor/Legislature: Create a pay progression plan for assistant attorneys general that mirrors the pay progression plan created for assistant district attorneys under 2011 Act 238. [See "District Attorneys" and "Public Defenders" for additional information on pay progression provisions for prosecutors and assistant state public defenders under the budget bill.] Under the Governor's recommendation, additional funding for pay progression during 2013-15 would be provided by the Department from base resources. The Department has indicated an intent to utilize \$625,000 in funding from the national mortgage settlement to fund pay progression for assistant attorneys general.

Specifically, provide that the pay progression plan must consist of 17 hourly salary steps, with each step equal to one-seventeenth of the difference between the lowest annual salary (currently \$49,429) and the highest annual salary (currently \$119,471) for assistant attorneys general contained in the state compensation plan. Under the current state compensation plan, the value of one hourly salary step for assistant attorneys general equals \$4,120 annually. The pay progression plan must be based entirely on merit.

Beginning with the first pay period that occurs on or after July 1, 2013, all assistant attorneys general who have served with the state as assistant attorneys general for a continuous period of 12 months or more, and who are not paid the maximum hourly rate, must be paid an hourly salary at the step that is immediately above their hourly salary on June 30, 2013. All other assistant attorneys general, who are not paid the maximum hourly rate, must be paid an hourly salary at the step that is immediately above their hourly salary on June 30, 2013, when they have served with the state as assistant attorneys general for a continuous period of 12 months.

Beginning with the first pay period that occurs on or after July 1, 2014, and with the first pay period that occurs on or after each succeeding July 1, all assistant attorneys general who have served with the state as assistant attorneys general for a continuous period of 12 months or more, and who are not paid the maximum hourly rate, may, at the discretion of the Attorney General, be paid an hourly salary at any step, or part thereof, above their hourly salary on the immediately preceding June 30. All other assistant attorneys general, who are not paid the maximum hourly rate, may, at the discretion of the Attorney General, be paid an hourly salary at any step, or part thereof, above their hourly salary on the immediately preceding June 30, when they have served with the state as assistant attorneys general for a continuous period of 12 months. No salary adjustment for an assistant attorney general, beginning with the 2014-15 state fiscal year, may exceed 10% of his or her base pay during a fiscal year.

[Act 20 Section: 2015]

3. WISCONSIN STATEWIDE INFORMATION CENTER [LFB Paper 390]

	<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	\$1,693,000	8.00	-\$1,302,800	- 5.00	\$390,200	3.00
PR	<u>- 908,600</u>	<u>- 5.00</u>	<u>908,600</u>	<u>5.00</u>	<u>0</u>	<u>0.00</u>
Total	\$784,400	3.00	-\$394,200	0.00	\$390,200	3.00

Governor: Make the following changes to the funding and position authority provided to the Wisconsin Statewide Information Center (WSIC): (a) delete \$454,300 PR and 5.0 PR positions annually from the DOJ law enforcement services continuing interagency and intra-agency assistance appropriation; and (b) provide \$815,800 GPR and 8.0 GPR positions in 2013-14, and \$877,200 GPR and 8.0 GPR positions in 2014-15. The administration indicates that the recommendation would address the issue of decreasing federal homeland security funding.

Under the recommendation the following 5.0 WSIC positions would be transferred to GPR funding: (a) 1.0 special agent in charge; (b) 1.0 special agent senior; and (c) 3.0 criminal intelligence analysts-senior. In addition, the Governor recommends creating the following 3.0 positions: (a) 1.0 program and planning analyst; and (b) 2.0 criminal analysts-senior.

Associated with the proposed transfer of resources to GPR, the recommendation would delete the following PR resources from law enforcement services PR continuing interagency and intra-agency assistance appropriation: (a) permanent position salaries of \$321,800 annually; and (b) fringe benefits funding of \$132,500 annually. Under the recommendation the following additional GPR resources would be provided: (a) permanent position salary funding of \$451,300 in 2013-14, and \$494,500 in 2014-15; (b) fringe benefits funding of \$181,900 in 2013-14, and \$198,400 in 2014-15; (c) supplies and services funding of \$88,500 in 2013-14, and \$93,900 in 2014-15; (d) rent funding of \$81,900 in 2013-14, and \$90,400 in 2014-15; and (e) one-time financing of \$12,200 in 2013-14.

The WSIC is not restricted to a law enforcement or terrorism focus, but rather, at the recommendation of the federal Department of Homeland Security, has been developed as 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 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.

Joint Finance/Legislature: Delete the transfer of 5.0 WSIC positions from PR to GPR funding by: (a) restoring \$454,300 PR and 5.0 PR positions annually to the DOJ law enforcement services continuing interagency and intra-agency assistance appropriation; and (b) deleting \$583,000 GPR and 5.0 GPR positions annually from the WSIC.

Reduce salary and fringe benefits funding by \$58,600 GPR in 2013-14, and by \$78,200 GPR in 2014-15, to fund the recommended new criminal analyst-senior positions and the

program and planning analyst position at the minimum salary for the respective positions.

4. SOLICITOR GENERAL [LFB Paper 391]

	<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	\$960,500	4.00	-\$960,500	- 4.00	\$0	0.00

Governor: Provide \$411,600 in 2013-14, \$548,900 in 2014-15, and 4.0 attorney positions annually to legal services GPR annual appropriation to create a solicitor general and three deputy solicitor generals in DOJ. Funding would be provided as follows: (a) permanent position salary funding of \$287,500 in 2013-14, and \$383,400 in 2014-15; (b) fringe benefits funding of \$109,700 in 2013-14, and \$146,300 in 2014-15; and (c) supplies and services funding of \$14,400 in 2013-14, and \$19,200 in 2014-15. The administration indicates that the creation of a Solicitor General's office would "allow the Department to provide a more in-depth level of representation for the state at both the state and federal appellate levels for increasingly complicated legal issues."

Further, provide that the Attorney General could appoint, in the unclassified service, a solicitor general and no more than three deputy solicitor generals, each of whom would have to be an attorney licensed to practice in Wisconsin. The Attorney General could assign assistant attorneys general to assist the solicitor general.

Joint Finance/Legislature: Delete provision.

5. INTERNET CRIMES AGAINST CHILDREN TASKFORCE [LFB Paper 392]

	<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	\$912,200	5.00	-\$139,900	0.00	\$772,300	5.00

Governor: Provide \$451,000 and 5.0 positions in 2013-14, and \$461,200 and 5.0 positions in 2014-15, to provide additional resources for the Internet crimes against children (ICAC) taskforce unit at DOJ to combat commercial sexual exploitation of children. Positions created under the recommendation include 3.0 special agents, 1.0 criminal analyst, and 1.0 criminal analyst-senior. The following funding would be provided: (a) permanent position funding of \$198,000 in 2013-14, and \$264,000 in 2014-15; (b) fringe benefits funding of \$83,800 in 2013-14, and \$111,800 in 2014-15; (c) supplies and services funding of \$49,800 in 2013-14, and \$66,400 in 2014-15; (d) rent funding of \$14,300 in 2013-14, and \$19,000 in 2014-15; and (e) one-time financing of \$105,100 in 2013-14.

[Note that while the Legislature has required that ICAC resources provided to DOJ be separately tracked for budgetary purposes, the administration inadvertently provided these resources to the criminal investigation subprogram, instead of the ICAC subprogram.]

The Wisconsin ICAC Task Force was created in 1998 with federal funding to counter the 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. There are currently over 180 law enforcement agencies, including DOJ, participating in the Wisconsin ICAC Task Force.

The ICAC task force is led by DOJ. In 2006-07, the ICAC task force unit in DOJ was authorized 10.0 positions. The provisions of 2007 Act 20 and 2009 Act 28 each provided an additional 5.0 positions to the DOJ ICAC unit. Finally, 2011 Act 32 provided an additional 11.0 positions for the unit. As a result, the unit has 31.0 positions as base resources in 2012-13.

Joint Finance/Legislature: Reduce salary and fringe benefits funding by \$60,000 in 2013-14, and by \$79,900 in 2014-15, to fund the recommended special agents and criminal analyst-senior positions at the minimum salary for the respective positions. Provide that the additional funding and positions for the ICAC unit at DOJ be deleted from the criminal investigation subprogram and provided to the ICAC subprogram.

6. COMMUNITY POLICING GRANT PROGRAM [LFB Paper

GPR	- \$445,400
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 393]

Governor/Legislature: Delete the community policing grant program and its associated annual funding of \$222,700. The community policing grants program provides annual grants of \$222,700 to the City of Milwaukee for activities related to decentralized law enforcement and crime prevention in targeted neighborhoods that suffer from high levels of violent and drug-related crime.

[Act 20 Sections: 381 and 1945]

7. POOLING OF CONCEALED WEAPONS LICENSURE PROGRAM AND HANDGUN PURCHASER RECORD CHECK PROGRAM REVENUE [LFB Paper 394]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Earned	\$0	\$1,843,600	\$1,843,600
PR-REV	\$0	-\$868,800	-\$868,800

Governor: Make the following changes to appropriations that receive revenue for and authorize expenditures to administer the concealed weapons licensure program and the handgun purchaser record check program: (a) delete the PR annual background check for licenses to carry concealed weapons appropriation which receives concealed weapons license application and background check revenue to fund the administration of the concealed weapons licensure program along with its base funding and position authority of \$62,300 PR and 9.5 PR positions annually; (b) delete the PR continuing certification cards for carrying concealed weapons appropriation which receives certification card application and background check revenue to fund the administration of issuance of certification cards to carry concealed firearms to former federal law enforcement officers; (c) amend the PR continuing handgun purchaser record check appropriation which receives handgun purchaser record check fees to fund DOJ's administration of the handgun purchaser record check program, to provide that this appropriation could also receive revenue from and make expenditures for the concealed weapons licensure program (including revenue from and expenditures for the issuance of certification cards to former federal law enforcement officers); (d) amend the title of the PR continuing handgun purchaser record check appropriation to handgun purchaser record check; checks for licenses or certifications to carry concealed weapons; and (e) provide \$62,300 PR and 9.5 PR positions annually in base resources for the concealed weapons licensure program to the PR continuing handgun purchaser record check; checks for licenses or certifications to carry concealed weapons appropriation.

[Under standard budget adjustments, the PR continuing handgun purchaser record check; checks for licenses or certifications to carry concealed weapons appropriation would receive additional funding of \$833,300 PR in 2013-14, and \$486,900 PR in 2014-15, to administer the concealed weapons licensure program. In addition, under the bill this appropriation would receive an additional \$417,900 PR in 2013-14, and \$250,000 PR in 2014-15, in supplies and services funding for the concealed weapons licensure program.]

Until 2011-12, since its creation under 1991 Act 11, the handgun purchaser record check program had ended each state fiscal year in deficit. However, under 2009 Act 28 the handgun purchaser record check fee was increased from \$8 to \$13. In recent years, the program has also seen a substantial increase in handgun purchaser record checks associated with increased handgun sales. The program began 2011-12 with a deficit of \$613,700 PR. However, during 2011-12, the program received \$1,560,900 PR in handgun purchaser record check fees and expended \$492,900 PR. As a result, the program concluded 2011-12 with a positive balance of \$454,300 PR. Through January 31, 2013, while DOJ is authorized to expend \$444,600 to

administer the program, the handgun purchaser program has received \$994,200 in revenue.

Under current law, the primary appropriation for the concealed weapons licensure program is the PR annual background check for licenses to carry concealed weapons appropriation. As an annual appropriation, any increased expenditure authority for the appropriation and the concealed weapons licensure program must be approved by the Legislature. Under the Governor's recommendation, the consolidated appropriation for the handgun purchaser record check program and the concealed weapons license program would be a continuing appropriation. As a result, increases in expenditure authority could be made without legislative approval.

Joint Finance/Legislature: Transfer \$1,843,600 PR in handgun purchaser record check fees to the general fund. Reduce the handgun purchaser record check fee from \$13 to \$10. It is estimated that this fee reduction would reduce annual fee revenues by \$434,400 PR. [Handgun purchaser record check collections have been exceeding program costs. It is estimated that the handgun purchaser record check program will conclude 2012-13 with a positive balance of \$1,843,600 PR.]

[Act 20 Sections: 383 thru 385, 1970q, 1971, and 9226(2L)]

8. CONCEALED WEAPONS LICENSURE PROGRAM SUPPLIES AND SERVICES FUNDING

PR	\$667,900
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Governor/Legislature: Provide \$417,900 in 2013-14, and \$250,000 in 2014-15, in supplies and services funding for the concealed weapons licensure program. Funding would provide base resources to replace and supplement one-time supplies and services funding that was provided to the program during the 2011-13 biennium. Funding would be utilized to maintain licensing equipment, as well as to acquire the supplies and materials utilized to produce large numbers of concealed weapons licenses. Revenue to support the recommendation is provided from license and background check fees generated as a part of the concealed weapons licensure process. An applicant for a concealed weapons license is charged a \$37 license fee and a \$13 background check fee.

9. REVENUE FROM DELINQUENT OBLIGATION COLLECTIONS [LFB Paper 395]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$0	\$14,000	\$14,000

Governor: Convert legal services PR annual delinquent obligation collection appropriation to a continuing appropriation. As a continuing appropriation, authorized expenditure levels from the appropriation could be modified without legislative approval. Under current law, the annual expenditure authority provided to this appropriation is \$0. The administration indicates that this

change would permit DOJ to better manage program expenditures.

The Department is required under state law to represent the state in bankruptcy cases. From amounts payable to the state and collected by DOJ in such actions, the Secretary of Administration must credit an amount equal to the reasonable and necessary expenses incurred by DOJ related to collecting amounts owed to the state to the PR annual delinquent obligation collection appropriation.

Over the last five completed state fiscal years, no expenditures have been made from this appropriation. During this time, revenues to the appropriation have ranged from a low of \$2,300 in 2009-10, to a high of \$21,100 in 2008-09. In the current 2012-13 fiscal year, the appropriation has received revenue of \$390,300 through January 31, 2013.

Joint Finance/Legislature: Delete the provision in order to maintain the delinquent obligation collection appropriation as an annual appropriation. Provide \$7,000 annually in expenditure authority to the appropriation based on revenue receipts received to the appropriation over the last five completed state fiscal years.

10. TRAFFIC SAFETY RESOURCE PROSECUTOR

	Funding	Positions
PR	\$182,000	1.00

Governor/Legislature: Provide \$91,000 and 1.0 position annually to convert a 1.0 traffic safety resource prosecutor project position to permanent. The position is currently a four-year project position that is scheduled to expire on May 31, 2013.

The position would be supported by federal transportation grant funds deposited to legal services interagency PR appropriation. Annual funding would be provided as follows: (a) \$62,400 for permanent position salary funding; (b) \$23,800 for fringe benefits funding; and (c) \$4,800 for supplies and services funding. The position would provide training, education, and technical support to traffic crimes prosecutors and law enforcement agencies throughout Wisconsin. The position would also assist in the prosecution of vehicular homicide cases in cooperation with local prosecutors.

11. AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM

	Funding	Positions
PR	\$139,800	1.00

Governor/Legislature: Provide \$61,300 in 2013-14, \$78,500 in 2014-15, and 1.0 information services comprehensive services specialist annually to complete upgrade and maintenance work associated with the Automated Fingerprint Identification System (AFIS). The recommendation would provide: (a) permanent position salary funding of \$40,200 in 2013-14, and \$53,600 in 2014-15; (b) fringe benefits funding of \$15,300 in 2013-14, and \$20,400 in 2014-15; (c) supplies and services funding of \$800 in 2013-14, and \$1,100 in 2014-15; (d) rent costs of \$2,500 in 2013-14, and \$3,400 in 2014-15; and (e) one-time financing of \$2,500 in 2013-14.

The computerized criminal history database contains detailed information of arrests, arrest charges, prosecution, court findings and sentences, and state correctional system admissions and

releases that are required to be submitted to DOJ. All information is linked to specific fingerprint records submitted by arresting law enforcement agencies and stored in AFIS which is operated and maintained by the Madison Crime Laboratory.

12. REALLOCATION AND DELETION OF RESOURCES FROM LEGAL SERVICES, CRIME INFORMATION BUREAU, AND CRIME LABORATORIES, TO ADMINISTRATIVE SERVICES

	Funding	Positions
GPR	- \$1,800	- 1.67

Governor/Legislature: Delete \$359,000, 4.67 classified positions, and 1.0 unclassified position annually as follows: (a) \$241,300 and 4.67 classified positions annually from the Crime Information Bureau (2.67 criminal history records specialists-senior, 1.0 criminal history records supervisor, and 1.0 executive staff assistant); (b) \$107,300 and 1.0 unclassified position annually from legal services (1.0 communications director ESG 2); and (c) \$10,400 annually from crime laboratories.

Provide \$358,100, 3.0 classified positions, and 1.0 unclassified position annually to administrative services (1.0 budget and policy analyst, 1.0 human resources program officer, 1.0 executive staff assistant, and 1.0 communications director ESG 2). The Department indicates that the realignment would align positions to reflect their job functions.

13. REALLOCATION AND APPROPRIATION OF RESOURCES FROM THE CRIME INFORMATION BUREAU AND THE TRAINING AND STANDARDS BUREAU

	Funding	Positions
PR	\$1,800	1.67

Governor/Legislature: Delete \$221,000 and 2.34 positions annually (1.0 justice program supervisor, 0.67 program and policy manager, and 0.67 budget and policy analyst) from the Training and Standards Bureau which is supported by the penalty surcharge. The penalty surcharge is assessed whenever a court imposes a fine or forfeiture for most violations of state law or municipal or county ordinance. The penalty surcharge equals 26% of the total fine or forfeiture. Penalty surcharge revenues deposited to the appropriation may be utilized to administer the law enforcement training fund (which offsets training costs incurred by law enforcement officers) and to reimburse state law enforcement officers for the costs of required training.

Further, delete \$37,100 and 1.0 criminal history records specialist-senior position annually from the Crime Information Bureau. Funding of this position is provided from fee revenue from law enforcement agencies that utilize the transaction information for the management of enforcement (TIME) system. The TIME system provides law enforcement agencies across the state access to a variety of law enforcement-related databases.

Provide \$332,300 and 6.01 positions annually (3.67 criminal history records specialists-senior, 1.0 criminal history records supervisor, 1.0 justice program supervisor, and 0.34 program and policy manager) to the Crime Information Bureau's fingerprint identification appropriation.

Further, delete \$73,300 and 1.0 executive staff assistant position annually that is provided to the Crime Information Bureau under this appropriation. This appropriation is funded from fee revenues generated by name and fingerprint records searches of the criminal history database for non-criminal justice purposes. Revenue received to this appropriation may be utilized to support the administration and maintenance of the criminal history database including the automated fingerprint identification system.

14. LOCATION AND NAMING OF STATE CRIME LABORATORIES [LFB Paper 396]

Governor/Legislature: Delete current law which provides that: (a) the state crime laboratories must be located in the cities of Madison, Milwaukee, and Wausau; and (b) naming the Milwaukee Crime Laboratory the William J. McCauley Crime Laboratory. [William J. McCauley was Milwaukee County District Attorney from 1945 until his death in 1964.]

[Act 20 Section: 1905]

15. COUNTY TRIBAL LAW ENFORCEMENT GRANT FUNDING [LFB Papers 397 and 398]

Governor: Delete the following statutorily specified grant awards: (a) \$300,000 PR annually to Forest County under the county law enforcement services grant program; and (b) \$80,000 PR annually to the Lac Courte Oreilles Band of Lake Superior Chippewa Indians under the tribal law enforcement grant program. This recommendation would delete the earmarks but not the base funding to make grants under the respective programs.

The county law enforcement services grant program provides funding for county law enforcement services in counties that border tribal reservations. Of the \$490,000 PR in annual base funding for grants to counties under the county law enforcement services grant program, \$300,000 annually must be allocated to Forest County.

The tribal law enforcement grant program provides grants to tribes for tribal law enforcement services. Of the \$695,000 PR in annual base funding for grants to tribes under the tribal law enforcement grant program, \$80,000 annually must be allocated to the Lac Courte Oreilles Band of Lake Superior Chippewa Indians.

Funding for these programs is provided from tribal gaming revenues.

Joint Finance/Legislature Maintain the current law requirement to provide a grant totaling \$300,000 PR annually to Forest County under the county law enforcement services grant program.

[Act 20 Section: 1941]

16. SEPARATELY BUDGET FOR RENT COSTS

Governor/Legislature: Delete \$2,836,700 GPR, \$2,071,200 PR, \$232,900 FED, and \$26,900 SEG in 2013-14, and delete \$2,907,100 GPR, \$2,116,100 PR, \$238,400 FED, and \$27,500 SEG in 2014-15, in supplies and services funding. Provide offsetting funding of \$2,836,700 GPR, \$2,071,200 PR, \$232,900 FED, and \$26,900 SEG in 2013-14, and offsetting funding of \$2,907,100 GPR, \$2,116,100 PR, \$238,400 FED, and \$27,500 SEG in 2014-15, to a new rent line to separately budget for rent costs agency-wide.

17. DRUG LAW ENFORCEMENT, CRIME LABORATORIES, AND GENETIC EVIDENCE ACTIVITIES APPROPRIATION

Governor/Legislature: Require that all unencumbered balances at the end of each fiscal year in the PR drug law enforcement, crime laboratories, and genetic evidence activities appropriation revert to the PR continuing crime laboratories, DNA appropriation.

Revenues from the \$13 crime laboratory and drug law enforcement surcharge and from the \$250 DNA surcharge are deposited to the crime laboratories, DNA appropriation. This appropriation must annually transfer revenue balances equal to the amount in the statutory schedule of appropriations to the drug law enforcement, crime laboratories, and genetic evidence activities appropriation. The recommendation would provide that any unutilized balances at the end of each fiscal year in the drug law enforcement, crime laboratories, and genetic evidence activities appropriation would revert to the crime laboratories, DNA appropriation.

[Act 20 Section: 389]

18. STRATEGIC BLIGHT ELIMINATION GRANTS

Joint Finance/Legislature: Direct the Attorney General to utilize his discretion to transfer \$2,500,000 in 2013-14 in discretionary settlement funds to the Wisconsin Housing and Economic Development Authority to provide grants for the demolition of abandoned, blighted properties in Wisconsin. [See "Wisconsin Housing and Economic Development Authority."]

Veto by Governor [E-40]: Delete provision.

[Act 20 Vetoed Section: 9226(1L)]

19. PRE-RELEASE PILOT PROGRAM FOR PRISONERS

	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
GPR	\$364,800	-\$364,800	\$0

Joint Finance/Legislature: Create a GPR annual appropriation under DOJ for funding a

one-time grant to the Department of Corrections for a prerelease pilot program. Repeal the appropriation effective July 1, 2015. Provide the appropriation funding of \$172,800 in 2013-14, and \$192,000 in 2014-15. Require that DOJ annually transfer the balance in the appropriation to the prerelease pilot program PR continuing appropriation under the Department of Corrections. Require Corrections to enter into a contract for the services of Freedom Life Skills, Inc., to teach life skills and character development to inmates who will be released to parole or to extended supervision. [See "Corrections -- Adult Corrections."]

Veto by Governor [I-50]: Delete provision.

[Act 20 Vetoed Sections: 200 (as its relates to s. 20.455(2)(du)), 340d, 340r, 381d, 381g, 9108(1L), and 9408(1L)]

20. CRIME PREVENTION FUNDING BOARDS AND A CRIME PREVENTION FUNDING BOARD SURCHARGE

Joint Finance: Create a \$20 crime prevention funding board surcharge which would be applied to any misdemeanor or felony conviction. Require that the surcharge be assessed only after an offender pays the global positioning system tracking surcharge in full. Specify that crime prevention funding board surcharge revenue be retained by the County Treasurer in a crime prevention fund. Require the county treasurer to deposit the funds he or she receives into a crime prevention fund. Specify that moneys from the fund be distributed as grants at the direction of a Crime Prevention Funding Board (CPFEB).

Require a CPFEB to be created in every county. Specify that each CPFEB consists of six members: the district attorney, or his or her designee; the sheriff, or his or her designee; the county executive, county administrator, or county board chairperson, or his or her designee; the chief elected official of the city, village, or town with the largest population in the county, or his or her designee; a person chosen by a majority vote of the top law enforcement officials of the departments that are located in the county; and a person chosen by the county's Public Defender office. Specify that members of a CPFEB may be reimbursed for expenses but may not receive any other compensation. Members would serve for a term determined by the CPFEB.

Specify that a CPFEB may solicit grant applications from certain specified entities and may award grants to such entities. Require that at least one-half of the funds must go to one or more private, nonprofit organizations that has as its primary purpose preventing crime, providing a funding source for crime prevention programs, encouraging the public to report crime, or assisting law enforcement agencies in the apprehension of criminal offenders. Specify that a CPFEB may direct that the rest of the funds be distributed to a law enforcement agency that has a crime prevention fund, if the contribution is credited to the crime prevention fund and is used for crime prevention purposes.

Specify that a CPFEB and any entity that receives a grant from a CPFEB must submit an annual report to the Clerk of Court for the county that distributed the funds, to the county board, and to the legislative bodies of each municipality that is located wholly or partly within the county. Require the annual report to detail the amounts spent, the purposes for which the grants were spent,

and contact information for the entity and the entity's leaders.

Assembly/Legislature: Delete a person chosen by the county's Public Defender office as one of the six members of a CPF Board. Instead, provide that the presiding judge of the circuit court, or his or her designee, would serve as one of the six members of a CPF Board.

Veto by Governor [I-48]: Delete provision.

[Act 20 Vetoed Sections: 514s, 1238m, 1239m, 1243m, 2291m, 2293m, 2352m, 2358m, and 9129(1e)]

Transfers

1. TRANSFER THE FUNCTIONS OF THE OFFICE OF JUSTICE ASSISTANCE [LFB Paper 405]

	Funding	Positions
GPR	\$1,049,600	1.77
FED	33,968,000	15.38
PR	<u>11,091,800</u>	<u>9.10</u>
Total	\$46,109,400	26.25

Governor/Legislature: Provide \$524,800 GPR and 1.77 GPR positions, \$17,013,100 FED and 16.38 FED positions, and \$5,545,900 PR and 9.10 PR positions in 2013-14, and \$524,800 GPR and 1.77 GPR positions, \$16,954,900 FED and 15.38 FED positions, and \$5,545,900 PR and 9.10 PR positions in 2014-15, associated with the transfer of programs and functions from the Office of Justice Assistance (OJA), which is attached administratively to the Department of Administration (DOA), to DOJ. [See "Administration-Transfers."]

Administration of Federal Grant Programs to Justice. Specify that the administration of federal criminal justice-related grant programs as well as federal homeland security grant programs related to interoperable communications be transferred from OJA to DOJ. This would include the transfer of the administration of the juvenile justice improvement plan and associated grant funding under the federal Juvenile Justice and Delinquency Prevention Act.

Transfer of Interoperable Communications Program to Justice. Provide that oversight of the development and operation of a statewide public safety interoperable communication system known as the Wisconsin Interoperable System for Communications (WISCOM) be transferred from OJA to DOJ.

Delete the Executive Director of OJA, or his or her designee, as one of the 15 members of the Interoperability Council which is attached to DOA. Instead provide that the Attorney General, or his or her designee, would serve as a member of the Council. Under current law, the Interoperability Council is required to: (a) identify types of agencies and entities, including public works and transportation agencies, hospitals, and volunteer emergency services agencies to be included, in addition to public safety agencies, in a statewide public safety interoperable communication system; (b) recommend short-term and long-term goals to achieve a statewide

public safety interoperable communication system; (c) recommend and periodically review a strategy and timeline for achieving such a statewide communication system including objectives for local units of government; (d) assist in identifying and obtaining funding to implement a statewide public safety interoperable communication system; and (e) advise on fund allocation, including those available for homeland security, for the purpose of achieving a statewide communication system.

Transfer of State-Funded Grant Programs to Justice. Provide that the following state-funded grant programs and associated appropriations be transferred from OJA to DOJ:

a. *Law Enforcement Officer Supplement Grant Program.* Under this program, the state provides grants to cities to employ additional uniformed law enforcement officers whose primary duty is beat patrolling. Grants are awarded to the 10 eligible cities submitting applications that have the highest rates of violent crime index offenses in the most recent full calendar year for which data is available from the FBI's UCR system. No city may receive an annual grant in excess of \$150,000. Grants are supported with \$1,224,900 PR annually in base grant funding provided from the justice information system surcharge.

b. *Youth Diversion Grant Program.* Under the youth diversion grant program, the state enters into contracts with organizations for the diversion of youths from gang activities into productive activities, including placement in appropriate educational, recreational, and employment programs. The statutes specifically require youth diversion contracts to be entered into with organizations in specifically identified counties and municipalities. Grants are supported with the following annual base funding: (a) \$321,000 GPR; (b) \$672,400 PR in penalty surcharge funding; and (c) \$281,600 PR annually in transferred federal grant funding.

Under current law, OJA is required to utilize \$1,200,000 annually (\$380,000 GPR and \$820,000 PR in penalty surcharge funding) to enter into contracts with organizations in specified counties or localities for the diversion of youths from gang activities into productive activities, including placement in appropriate educational, recreational, and employment programs. Current law also requires OJA to utilize \$300,000 PR annually to enter into a contract with an organization in Milwaukee County for alcohol and other drug abuse education and treatment services for participants in that organization's youth diversion program. [This latter funding comes from the Department of Health Services from federal funds that it administers.] The statutes specifically direct OJA to enter into the following contracts for the following amounts: (a) \$800,000 to an organization in Milwaukee County; (b) \$150,000 to an organization in Racine County; (c) \$150,000 to an organization in Kenosha County; (d) \$150,000 to an organization located in Ward 2 in the City of Racine; (e) \$150,000 to an organization in Brown County; and (f) \$100,000 to an unspecified organization (which OJA has awarded to the City of Racine).

Under the bill, reduce the statutorily directed funding to youth diversion programs as follows: (a) -\$104,300 annually to an organization in Milwaukee County; (b) -\$25,650 annually to an organization in Racine County; (c) -\$25,650 annually to an organization in Kenosha County; (d) -\$25,650 annually to an organization located in Ward 2 in the City of Racine; (e) -\$25,650 annually to an organization in Brown County; and (f) -\$18,100 annually to an unspecified organization (which OJA has awarded to the City of Racine). [These annual reductions of \$225,000 reflect cumulative reductions from prior biennial budgets.]

c. *Victim of Sexual Assault Grant Program.* Delete the current law program under OJA and its PR sexual assault appropriation which provides grants to nonprofit organizations that provide services to victims of sexual assault funded from revenues received from Part C of the child pornography surcharge. Transfer the unencumbered balance in the deleted OJA sexual assault appropriation to the child pornography surcharge appropriation under DOJ. Provide that all child pornography surcharge revenue be deposited to this latter DOJ appropriation and support: (a) DOJ investigations of sexual exploitation of a child or possession or child pornography; or (b) the current law sexual assault victim services grant program under DOJ.

d. *Treatment Alternatives and Diversion (TAD) Grant Program.* The TAD grant program is intended to provide grants to counties to establish and operate programs, including suspended and deferred prosecution programs and programs based on principles of restorative justice, which provide alternatives to prosecution and incarceration for criminal offenders who abuse alcohol or other drugs. The program is supported with the following annual base expenditure authority: (a) \$1,078,400 in justice information system surcharge funding; and (b) \$7,500 in drug abuse program improvement surcharge and drug offender diversion surcharge funding.

The TAD program is supported by revenues from the following surcharges: (a) the drug abuse program improvement surcharge (DAPIS); (b) the \$10 drug offender diversion surcharge; and (c) the \$21.50 justice information system surcharge. While the TAD program has a GPR annual appropriation, no funding has been provided to this appropriation.

Current law provides that OJA must enter into one or more contracts for the purpose of evaluating the TAD program and that these evaluations must be funded from revenue received by the TAD program other than the \$21.50 justice information system surcharge. Provide instead that DOJ must evaluate the TAD program every two years and eliminate the restrictions on the funding source for this evaluation.

Eliminate the current law provision which required a report be provided to the Legislature by December 31, 2011, regarding: (a) savings generated under the TAD program; and (b) recommendations regarding how the TAD program should be structured in the future.

e. *Child Advocacy Centers Grant Program.* Under the Child Advocacy Centers grant program, the state provides 14 annual grants of \$17,000 each to child advocacy centers in 14 counties identified under state statute for education, training, medical advice, and quality assurance activities. The statutes specifically identify the grant recipients in 11 counties (Chippewa, Dane, Green, Kenosha, La Crosse, Marathon, Milwaukee, Rock, Waukesha, Winnebago, and Wood), while in Brown, Racine, and Walworth Counties the statutes specify that a child advocacy center in the county receive the annual grant. Grants are supported with \$238,100 in annual base grant funding provided from the justice information system surcharge.

Transfer of Other Functions to Justice. Provide that the following additional programs and responsibilities be transferred from OJA to DOJ:

a. *Wisconsin Justice Information Sharing (WIJIS) program.* The two main information technology initiatives of WIJIS are the Justice Gateway and the WIJIS Workflow

Services. The Justice Gateway is a web-based tool which provides law enforcement with a single, secure point of read-only access to information stored in separate justice-related state, local, and tribal databases from communities across Wisconsin. The Workflow Services is designed to support many different types of information exchange securely over authenticated Internet connections. The intent of Workflow Services is to streamline the processing of criminal justice records across multiple agencies. For example, the Workflow Services application eCitation supports the secure exchange of electronic citations originated by law enforcement agencies. Workflow Services routes citations to the courts, prosecutors, local municipal court systems, and multiple tracking/reporting databases, based on business routing rules established by the users of the system.

b. *Statistical Analysis Center.* Maintain a statistical analysis center to serve as a clearinghouse of justice system data and information and conduct justice system research and data analysis. Collect information concerning the number and nature of offenses known to have been committed in this state and such other information as may be useful in the study of crime and the administration of justice. Determine any other information to be obtained regarding crime and justice system statistics. The information must include data requested by the Federal Bureau of Investigation under its system of uniform crime reports. Provide local law enforcement with the forms or instructions or both that specify the required crime and justice system statistics to be collected, the time it is to be forwarded, the method of classifying, and any other matters that facilitate collection and compilation.

c. *Receive and Expend Grant and Other Funding.* Apply for contracts or receive and expend for its purposes any appropriation or grant from the state, a political subdivision of the state, the federal government, or any other source, public or private, in accordance with the statutes.

d. *Technical Assistance.* Cooperate with and render technical assistance to state agencies and units of local government and public or private agencies relating to the criminal and juvenile justice system.

e. *Gifts and Grants Appropriation.* Transfer the OJA gifts and grants appropriation to law enforcement services under DOJ.

Auditing of Crime and Justice System Data. Newly provide that DOJ may conduct an audit to determine the accuracy of the data and other information it receives from law enforcement agencies and other criminal and juvenile justice system agencies.

Unencumbered Balances. Transfer the unencumbered balance of OJA program revenue and federal appropriations to comparable appropriations in DOJ.

Transitional Provisions. Specify that the assets, liabilities, contracts, pending matters, and employees of OJA, except those primarily related to administering federal homeland security moneys, or to reintegrating American Indians who have been incarcerated, as determined by DOA, become the assets, liabilities, contracts, pending matters, and employees of DOJ.

Specify that all transferred OJA employees would have the same rights and status as they had at OJA. Further, provide that OJA staff that had obtained permanent status would not have

to undergo a probationary period in the new agency.

Provide that all rules and orders of OJA, except those primarily related to administering federal homeland security moneys, or to reintegrating American Indians who have been incarcerated, remain in effect until their specified expiration dates or until amended, modified, repealed, or rescinded by DOJ.

[Act 20 Sections: 38, 164, 166 thru 170, 172, 174 thru 180, 183 thru 185, 382, 386, 387, 416 thru 420, 428, 435, 436, 438 thru 443, 445, 446, 448 thru 450, 584, 1938, 1939, 1944, 1946, 1947, 2142, 2148, 2157, 2340 thru 2342, 2345 thru 2347, 2360, 9101(1), 9126(2), and 9201(1)(a)]

2. TRANSFER SPECIAL COUNSEL APPROPRIATION TO THE DEPARTMENT OF ADMINISTRATION [LFB Paper 391]

GPR	- \$1,223,800
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Governor: Transfer the GPR sum sufficient special counsel appropriation with its estimated annual expenditure level of \$611,900 from DOJ to the Department of Administration. [See "Administration -- Transfers."]

Under current law, the Governor may appoint special counsel if, in the Governor's opinion, the public interest requires such action. The employment of special counsel by the Governor is limited to the following instances: (a) to assist the Attorney General in any action or proceeding; (b) to act instead of the Attorney General in any action or proceeding, if the Attorney General is in any way interested adversely to the state; (c) to defend any action instituted by the Attorney General against any officer of the state; and (d) to institute and prosecute an action or proceeding which the Attorney General, by reason of the Attorney's General opinion as to the validity of any law, or for any other reason, deems it the duty of the Attorney General to defend rather than prosecute. In addition, the Governor, upon the request of the Adjutant General, may appoint special counsel to defend a member of the national guard or state defense forces who is prosecuted for any action taken in the performance of military duty.

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, convert the GPR special counsel appropriation from a sum sufficient appropriation to a biennial appropriation.

Veto by Governor [D-30]: Delete the conversion of the appropriation to a biennial appropriation.

[Act 20 Sections: 1p, 28, 252, 379m, and 2160]

[Act 20 Vetoed Section: 379m]

3. TREATMENT, ALTERNATIVES AND DIVERSION PROGRAM FUNDING

GPR	\$2,000,000
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Joint Finance/Legislature: Provide \$1,000,000 annually in additional funding for the

treatment, alternatives and diversion (TAD) grant program. Under the bill, the TAD program would be transferred from the Department of Administration's Office of Justice Assistance (which would be deleted under the bill) to DOJ. The TAD program is intended to provide grants to counties to establish and operate programs, including suspended and deferred prosecution programs and programs based on principles of restorative justice, which provide alternatives to prosecution and incarceration for criminal offenders who abuse alcohol or other drugs. Annual base funding for the program includes: (a) \$1,078,400 PR in justice information surcharge funding; and (b) \$7,500 PR in drug abuse program improvement surcharge and drug offender diversion surcharge funding.

4. COUNTY DRUG COURT GRANT PROGRAM

GPR	\$1,000,000
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Joint Finance/Legislature: Provide \$500,000 annually to a new GPR annual drug courts appropriation under DOJ to provide grant funding to counties to establish and operate drug courts. Specify that DOJ could only provide this funding to counties that have not established a drug court. A drug court would be defined as a court that diverts a substance-abusing person from prison or jail into treatment by increasing direct supervision of the person, coordinating public resources, providing intensive community-based treatment, and expediting case processing.

[Act 20 Sections: 381m and 1944m]

5. ANNUAL REPORT ON ADMINISTRATION OF GRANT PROGRAMS

Joint Finance/Legislature: Beginning January 15, 2015, and annually thereafter, require DOJ to submit an annual report to the Chief Clerk of each house of the Legislature as to its administration of the following grant programs for the prior fiscal year: (a) law enforcement officer supplement grant program; (b) youth diversion grant program; (c) treatment, alternatives and diversion (TAD) grant program; (d) child advocacy centers grant program; and (e) county drug court grant program. For each program, require DOJ to provide the following information annually: (a) the amount of each grant awarded by DOJ under the relevant grant program for the prior state fiscal year; (b) the grantee to whom each grant was awarded; (c) the agency's methodology for awarding grants and determining the level of grant funding to be provided to each grant recipient; (d) performance measures created by DOJ for each grant program; and (e) reported results of each grant recipient in each fiscal year as to the attainment of performance measures developed for it under the relevant grant program.

[Act 20 Section: 1904m]

DNA Collection

1. DNA COLLECTION AT ARREST AND THE DNA ANALYSIS SURCHARGE [LFB Paper 410]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	\$5,536,200		-\$1,773,400		\$3,762,800	
PR	\$6,108,500	26.00	-\$220,500	0.00	\$5,888,000	26.00

Governor: Provide \$2,178,100 and 16.0 positions in 2013-14, and \$3,930,400 and 26.0 positions in 2014-15, to collect DNA samples at arrest or conviction from juveniles and adults for specified alleged offenses or convictions. Funding would include: (a) \$1,155,800 in 2013-14, and \$2,071,800 in 2014-15, in supplies and services costs; (b) \$661,300 in 2013-14, and \$1,274,600 in 2014-15 for salary and fringe benefit costs; (c) \$192,600 in 2013-14, and \$426,300 in 2014-15 in rent costs; (d) \$168,400 in 2013-14, and \$147,700 in 2014-15 for one-time financing costs; and (e) \$10,000 in 2014-15 for local assistance.

[Note that while the Legislature has required that DNA resources provided to DOJ be separately tracked for budgetary purposes, the administration inadvertently provided these resources to the crime laboratories subprogram, instead of the DNA subprogram.]

The DNA collection at arrest initiative would be provided additional expenditure authority of \$2,178,100 in 2013-14, and \$3,680,400 in 2014-15, which is supported by the \$13 crime laboratory and drug law enforcement surcharge and the \$250 DNA surcharge. The bill would permit DOJ to pay persons in charge of law enforcement and tribal law enforcement agencies for the costs of collecting biological specimens. Under current law, DOJ is limited to paying county sheriffs for costs incurred to collect biological specimens.

Delete current law which provides that a court must impose a \$250 DNA surcharge if an individual is sentenced or placed on probation for the following violations: (a) sexual assault; (b) first or second degree sexual assault of a child; (c) engaging in repeated acts of sexual assault of the same child; and (d) sexual assault of a child placed in substitute care. Further, delete current law which provides that a court may impose a \$250 DNA surcharge if an individual is sentenced or placed on probation for a felony violation.

Instead, provide that if a court imposes a sentence or places a person on probation for any felony or misdemeanor violation, the court must impose the DNA surcharge. Under the bill, for each felony conviction a \$250 DNA surcharge would be imposed, while for each misdemeanor conviction a \$200 DNA surcharge would be imposed. The administration estimates that these fee changes would generate additional revenue of \$1,989,400 PR in 2013-14, and \$3,546,800 PR in 2014-15.

The initiative would also be funded from \$250,000 in additional expenditure authority provided in 2014-15 to the crime laboratory equipment and supplies appropriation, which is supported by penalty surcharge revenue. The bill would amend the appropriation to permit DOJ to utilize expenditure authority to pay for operating costs of the state crime laboratories. Under current law, this appropriation may only be utilized to address crime laboratory equipment costs and crime laboratory equipment supply costs.

Collection of Biological Samples from Juveniles When Taken into Custody. Provide that, subject to rules promulgated by DOJ, all persons in charge of law enforcement and tribal law enforcement agencies must obtain, when the individual's fingerprints or other identifying data are obtained, a biological specimen for DNA analysis from each minor taken into custody for an alleged violation that would be a felony if committed by an adult in this state or for an alleged misdemeanor violation constituting fourth degree sexual assault, endangering safety by use of a dangerous weapon, lewd and lascivious behavior, prostitution, pandering, patronizing prostitutes, failure to submit a biological specimen, or exposing genitals or pubic area to a child. The person in charge of the law enforcement or tribal law enforcement agency must submit the specimen to the State Crime Laboratories for DNA analysis and inclusion of the individual's DNA profile in the DOJ DNA data bank. Provide that DNA samples must be obtained and submitted as specified in rule by DOJ.

If a juvenile has been taken into custody or is before the court on the basis of an alleged violation that would be a felony if committed by an adult in this state or for an alleged misdemeanor violation listed above, the court in certain juvenile delinquency proceedings must determine if a biological specimen has been obtained from the juvenile, and if not, the court must direct the law enforcement agency or tribal law enforcement agency to obtain a biological specimen from the juvenile and submit it to the State Crime Laboratories as specified in rule by DOJ.

Collection of Biological Samples from Juveniles at Other Times. Provide that a court must require a juvenile to provide a biological specimen to the State Crime Laboratories for DNA analysis if: (a) the juvenile was found not responsible by reason of mental disease or defect; (b) the juvenile is before the court on a petition filed under a court order because there was a probable cause finding that the juvenile is dangerous and mentally ill or drug dependent or developmentally disabled and is a proper subject for treatment; and (c) the juvenile is found to have committed a violation that would be a felony if committed by an adult in this state or a misdemeanor violation listed above.

Provide that a juvenile must provide a biological specimen to the State Crime Laboratories for DNA analysis if the juvenile was adjudicated delinquent for an act that if committed by an adult in this state would be a felony or a misdemeanor violation listed above.

Delete the current law provision which provides that if a juvenile is adjudicated delinquent for any violation of chapters 940 (crimes against life and bodily security), 944 (crimes against sexual morality), 948 (crimes against children), s. 943.01 (damage to property); and s. 943.15 (entry onto a construction site or into a locked building, dwelling, or room), the court may require the juvenile to provide a biological specimen for DNA analysis.

[Under current law juveniles are generally not required to provide a biological specimen for a misdemeanor violation and are only required to provide a biological specimen for the following felony violations: (a) sexual assault; (b) first or second degree sexual assault of a child; (c) engaging in repeated acts of sexual assault of the same child; and (d) sexual assault of a child placed in substitute care.]

Collection of Biological Samples from Adults at Arrest. Provide that, subject to rules promulgated by DOJ, all persons in charge of law enforcement and tribal law enforcement agencies must obtain, when the individual's fingerprints or other identifying data are obtained, a biological specimen for DNA analysis from each individual arrested for an alleged felony or for an alleged misdemeanor violation constituting fourth degree sexual assault, endangering safety by use of a dangerous weapon, lewd and lascivious behavior, prostitution, pandering, patronizing prostitutes, failure to submit a biological specimen, or exposing genitals or pubic area to a child. The person in charge of the law enforcement or tribal law enforcement agency must submit the specimen to the State Crime Laboratories for DNA analysis and inclusion of the individual's DNA profile in the DOJ DNA data bank. Provide that DNA samples must be obtained and submitted as specified in rule by DOJ.

If the alleged offense is a felony or an alleged misdemeanor violation listed above, the judge at the initial appearance must determine if a biological specimen has been obtained from the defendant, and if not, the judge must direct that a law enforcement agency or tribal law enforcement agency obtain a biological specimen from the defendant and submit it to the State Crime Laboratories as specified in rules by DOJ.

Collection of Biological Samples from Adults at Other Times. Specify that if a court imposes a sentence or places a person on probation for any felony or misdemeanor conviction, the court must require the person to provide a biological specimen to the State Crime Laboratories for DNA analysis. [Under current law, this requirement only applies to a felony conviction and for convictions for failure to submit a biological specimen, fourth degree sexual assault, lewd and lascivious behavior, and for a misdemeanor violation of exposing genitals or pubic area.]

Specify that an adult must provide a biological specimen to the State Crime Laboratories for DNA analysis: (a) for any misdemeanor conviction; or (b) if sentenced or placed on probation on or after August 12, 1993, for a sexual assault violation, first or second degree sexual assault of a child, or engaging in repeated acts of sexual assault of the same child.

If an individual is found not guilty by reason of mental disease or defect for a misdemeanor violation constituting fourth degree sexual assault, endangering safety by use of a dangerous weapon, lewd and lascivious behavior, prostitution, pandering, or patronizing prostitutes, the court must require the person to provide a biological specimen to the State Crime Laboratories for DNA analysis. Required biological specimens must be obtained and submitted as specified in administrative rules promulgated by DOJ. [Under current law, if an individual is found not guilty by reason of mental disease or defect for a felony, or for a misdemeanor violation of failure to submit a biological specimen or exposing genitals or pubic area to a child, the court must require the person to provide a biological specimen to the State Crime Laboratories for

DNA analysis.

Authorized Use of Force and Immunity to Collect Biological Specimen. A law enforcement officer, a jail officer, a tribal officer, a correctional officer, a probation, extended supervision or parole officer, or an employee of the Department of Health Services may use reasonable force to obtain a biological specimen from a person who intentionally refuses to provide a biological specimen that is required under state law. These officers and employees are immune from civil or criminal liability for collecting a biological specimen if the individual is required to provide a specimen under state law, collection is completed in compliance with this section, and the collection is performed in good faith and in a reasonable manner.

Destruction of Collected Biological Specimens. Delete the current law requirement that the State Crime Laboratories must destroy human biological specimens obtained under the DNA sample collection laws after analysis has been completed and the applicable court proceedings have concluded.

Removal of DNA Analysis Data from DOJ's DNA Data Bank. Delete current law which provides that a person whose DNA analysis data has been included in DOJ's DNA data bank may request expungement on the grounds that his or her conviction or adjudication has been reversed, set aside, or vacated. Under current law, the State Crime Laboratories must purge all records and identifiable information in DOJ's DNA data bank pertaining to the person and destroy all samples from the person if it receives: (a) the person's written request for expungement; and (b) a certified copy of the court order reversing, setting aside or vacating the conviction or adjudication.

Instead, provide that a person whose DNA analysis data has been included in the DOJ DNA data bank may request expungement on the grounds that all of the following conditions are satisfied:

a. If the person was required to submit a biological specimen as the result of a criminal conviction, juvenile delinquency finding, or commitment, all convictions or adjudications for which the person was required to submit a biological specimen have been reversed, set aside, or vacated.

b. If the adult or juvenile was required to provide a biological specimen at arrest or taking into custody one of the following applies: (1) at least one year has passed since the person was arrested or taken into custody and no criminal complaint or delinquency petition alleging that the person committed a violation of law requiring the submission of a biological specimen has been filed against the person in connection with the arrest or taking into custody; (2) all charges, criminal complaints, or delinquency petitions alleging that the person violated a law requiring the submission of a biological specimen in connection with the arrest or taking into custody have been dismissed; (3) the trial court reached final disposition for all charges in connection with the arrest or taking into custody, and for any charges or allegations for which the person was required to provide a biological specimen, and the person was not convicted or adjudged delinquent in connection with the arrest or taking into custody or any charge for which the person was required to provide a biological specimen; and (4) the person was convicted or adjudged delinquent for a crime or juvenile offense requiring the submission of a biological

specimen in connection with the arrest or taking into custody and the conviction or delinquency adjudication has been reversed, set aside, or vacated.

Provide that if an individual has satisfied the conditions to request expungement of his or her DNA analysis data from DOJ's DNA data bank, the State Crime Laboratories must purge all records and identifiable information in the data bank pertaining to the person and destroy all samples from the person upon receiving the person's written request for expungement and any documentation DOJ requires under its administrative rules.

Allowance to Use any Data Residing in DOJ's DNA Data Bank, However Received. An entry in the DOJ DNA data bank that is found to be erroneous does not prohibit the legitimate use of the entry to further a criminal investigation or prosecution. The failure of a law enforcement agency or the State Crime Laboratories to comply with state law regarding the collection of biological specimens, or any rules or procedures adopted to administer this law, is not grounds for challenging the validity of the data collection, for challenging the use of the sample, or for the suppression of evidence based upon or derived from any entry in the data bank.

Administration of DNA Sample Collection. Delete current law which specifies that unless otherwise provided by rule a person who is required to provide a biological specimen must provide the biological specimen at the following time and place:

a. If the person has been placed on probation by a court in this state, as soon as practicable after placement at the office of a county sheriff, except, if directed otherwise by the person's probation, extended supervision, and parole agent, then as directed by the agent;

b. If the person has been on probation, parole, or extended supervision in this state from another state and the Department of Corrections directs the person to provide a biological specimen, as soon as practicable after placement at the office of a county sheriff, except, if directed otherwise by the person's probation, extended supervision, and parole agent, then as directed by the agent;

c. If the person has been placed on supervision as a juvenile, as soon as practicable after placement at the office of the county sheriff, except, if directed otherwise by the agency providing supervision, then as directed by the agency;

d. If the person has been sentenced to prison, while in prison as directed by the Department of Corrections; and if the person does not provide the biological sample while in prison, then as soon as practicable after release from the prison at the office of a county sheriff, except, if directed otherwise by his or her probation, parole, and extended supervision agent, then as directed by the agent;

e. If the person has been placed in a juvenile correctional facility or a secured residential care center for children and youth, while in the facility or center as directed by the Department of Corrections; and if the juvenile does not provide the biological specimen while in the facility or center, then as soon as practicable after release from the facility or center, at the office of a county sheriff, except, if directed otherwise by the agency providing supervision, then

as directed by the agency;

f. If the person has been sentenced to a county jail or county house of corrections, as directed by the office of the county sheriff as soon as practicable after sentencing; and if the person does not provide the biological specimen while in the county jail or county house of corrections, as soon after release from the county jail or county house of corrections as practicable, at the office of the county sheriff;

g. If the person has been involuntary committed for treatment, committed because found not guilty by reason of mental disease or defect, or found to be a sexually violent person, then as directed by the Department of Health Services;

h. If a. through g. does not apply, as soon as practicable after the obligation to provide a biological specimen accrues at the office of a county sheriff, except, if directed otherwise by the agent or agency providing supervision or having legal or physical custody of the person.

In addition, delete current law which provides that if a county sheriff, the Department of Corrections, or the Department of Health Services determines that a person who is required to submit a biological specimen has submitted a biological specimen and that data obtained from analysis of the person's biological specimen is included in DOJ's DNA data bank, the person is not required to submit another biological specimen.

Instead, require DOJ to promulgate rules to: (a) establish procedures and time limits for obtaining and submitting biological specimens; (b) specify whether an individual who is required to provide a biological specimen for DNA analysis must provide a new biological specimen if the crime laboratories already have a biological specimen from the individual or if data obtained from DNA analysis of the individual's biological specimen are already included in the DOJ DNA data bank; (c) allow a biological specimen or data obtained from analysis of a biological specimen to be submitted for inclusion in one or more national index systems; and (d) provide reimbursement for the collection of biological specimens to a person in charge of a law enforcement agency or tribal law enforcement agency at a rate of \$10 per specimen except that, if DOJ already has a biological specimen, or data obtained from analysis of a biological specimen, from the individual, DOJ may not reimburse the person in charge of the agency.

Further, amend current law to provide that DOJ must promulgate rules to carry out its DNA collection duties, instead of specifying that the Department may promulgate such rules.

Finally, provide that DOJ may, by rule, bring the method to obtain or to submit a biological specimen in conformity with the act of Congress known as the Katie Sepich Enhanced DNA Collection Act of 2012 (HR-6014) to apply for nonsupplanting grant funding under that Act.

[The federal Katie Sepich Enhanced DNA Collection Act creates a grant program funded at \$10 million annually to fund expenses incurred by a state to implement a DNA collection at arrest program. As a condition to receiving a grant under the program, a state must have a procedure in place to: (a) provide written notification of expungement provisions and instructions for requesting expungement to all persons who submit a DNA profile; (b) provide the eligibility criteria for expungement and instructions for requesting expungement on an

appropriate public Web site; and (c) make a determination on all expungement requests no later than 90 days after receipt and provide a written response of the determination to the requesting party.]

Nonstatutory Legislative Findings. Under the bill, the Legislature finds that:

a. the state has a compelling interest in the accurate identification of criminal offenders and that there is a critical and urgent need to provide law enforcement officers and agencies with the latest scientific technology available for accurately and expeditiously identifying, apprehending, arresting, and convicting criminal offenders and exonerating individuals wrongly suspected or accused of a crime.

b. deoxyribonucleic acid testing allows a more certain and rapid identification of offenders as well as the exoneration of those wrongfully suspected or accused and that deoxyribonucleic acid data banks are an important tool in criminal investigations and in deterring and detecting recidivist acts.

c. deoxyribonucleic acid testing at the earliest stages of criminal and juvenile proceedings will help prevent perpetrators from concealing their identities and will prevent time-consuming and expensive investigations of innocent individuals.

d. the degree of intrusion on an individual's privacy interests is minimized by the method of collection of the biological sample, by the policy of using only deoxyribonucleic acid sequences not currently associated with any known physical or medical characteristics in the creation of a deoxyribonucleic acid profile, by the limited purposes for which a deoxyribonucleic acid profile may be used under state and federal law, and by the availability of expungement for individuals who are not charged with or convicted of the offenses for which the deoxyribonucleic acid sample was collected.

Initial Applicability. Provide that the changes made to the application and amount of the \$250 DNA surcharge would first apply to sentences imposed or probation placements made on the day after publication of the 2013-15 biennial budget bill.

Specify that these remaining provisions would first apply on the first day of the 15th month beginning after publication of the 2013-15 biennial budget bill:

a. The expanded requirement that a juvenile as a part of a delinquency adjudication provide a biological specimen to the State Crime Laboratories for DNA analysis if the juvenile is found to have committed a violation that would be a felony if committed by an adult in this state or a misdemeanor violation constituting fourth degree sexual assault, endangering safety by use of a dangerous weapon, lewd and lascivious behavior, prostitution, pandering, patronizing prostitutes, failure to submit a biological specimen, or exposing genitals or pubic area to a child.

b. The modified requirements applicable to requests for expungement of an individual's DNA analysis data included in the DOJ DNA data bank.

c. The requirement to collect biological specimens from juveniles when taken into custody and adults when arrested

d. The requirement that a court in certain juvenile delinquency proceedings must determine if a biological specimen has been obtained from the juvenile, and if not, the court must direct the law enforcement agency or tribal law enforcement agency to obtain a biological sample from the juvenile and submit it to the State Crime Laboratories.

e. The requirement that a judge at the initial appearance must determine if any required biological specimen has been obtained from the defendant, and if not, the judge must direct that a law enforcement agency or a tribal law enforcement agency obtain a biological specimen from the defendant and submit it to the State Crime Laboratories.

f. The expanded requirement to obtain biological specimens from defendants found not guilty by reason of mental disease or defect and provide these specimens to the State Crime Laboratories for DNA analysis.

g. The expanded requirement for a court to require a person to provide a biological sample to the State Crime Laboratories for DNA analysis any time the court imposes a sentence or places a person on probation for any misdemeanor conviction.

Effective Date. The proposed law changes regarding the DNA surcharge would take effect on the day after publication of the 2013-15 biennial budget bill. The remaining proposed law changes regarding biological specimen collection and analysis would take effect on the first day of the 15th month beginning after publication of the 2013-15 biennial budget bill.

Joint Finance/Legislature: Delete the collection of biological samples at arrest for an alleged misdemeanor violation constituting fourth degree sexual assault, endangering safety by use of a dangerous weapon, lewd and lascivious behavior, prostitution, pandering, patronizing prostitutes, failure to submit a biological specimen, or exposing genitals or pubic area to a child. Further, provide that biological samples collected from adults and juveniles arrested for a felony could not be forwarded to DOJ by the collecting law enforcement agency: (a) unless the arrest was made pursuant to a warrant; (b) until a judicial finding of probable cause that the adult or juvenile committed a felony or what would be a felony if committed by an adult; (c) unless the adult failed to appear at the initial appearance or preliminary examination or waived the preliminary examination; or (d) unless the juvenile failed to appear for juvenile delinquency proceedings. Require the courts to notify relevant collecting law enforcement agencies whenever (b), (c), or (d) occurs in an individual case. Require a collecting law enforcement agency to destroy an individual's biological sample if the sample had not been forwarded to DOJ under the conditions specified above within one year after collection.

Specify that only the state crime laboratories may analyze biological samples collected at arrest for inclusion in the state's DNA database.

Require circuit courts in relevant court proceedings to notify individuals of their right to seek expungement of their DNA profile from the state DNA databank.

Delete the nonstatutory legislative findings.

Delay the changes to the DNA surcharge and the remaining provisions of the DNA

collection at arrest recommendation by six months. Specifically, provide that the initial applicability and effective date regarding: (a) the DNA surcharge would initially apply or take effect six months after publication of the 2013-15 biennial budget bill; and (b) the remaining provisions (other than any Joint Legislative Council review) including biological specimen collection and analysis would initially apply or take effect on the first day of the 21st month beginning after publication of the 2013-15 biennial budget bill. Delete \$220,500 PR in salary and fringe benefits funding in 2013-14, associated with the delayed implementation. Reestimated surcharge revenue would be \$994,700 PR in 2013-14 and \$2,768,100 PR in 2014-15.

[Act 20 Sections: 388, 390, 818, 1234, 1906 thru 1926, 1928 thru 1935, 1937, 2150, 2155, 2156, 2291, 2292, 2324, 2325, 2327 thru 2329, 2343, 2344, 2344c, 2353 thru 2358, 2360w, 2361, 2362, 9126(1)(b), 9326(1), and 9426(1)]

2. JOINT LEGISLATIVE COUNCIL CRIMINAL PENALTIES STUDY

Joint Finance/Legislature: Request the Joint Legislative Council to review all misdemeanor and felony provisions in state statute to determine if: (a) penalties are appropriate; and (b) violations are outdated. Provide that the Joint Legislative Council must report any findings, conclusions, and recommendations by February 1, 2014, to the Chief Clerk of the Senate and the Chief Clerk of the Assembly.

[Act 20 Section: 9126(1)(am)]

Victim and Witness Programs

1. GPS TRACKING GRANT PROGRAM FOR INDIVIDUALS SUBJECT TO DOMESTIC ABUSE OR HARASSMENT RESTRAINING ORDERS OR INJUNCTIONS [LFB Paper 415]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,000,000	-\$2,750,000	\$250,000

Governor: Provide \$1,000,000 in 2013-14, and \$2,000,000 in 2014-15, to a new GPR annual global positioning system (GPS) tracking appropriation under DOJ to fund grants to eligible local units of government, law enforcement agencies, or tribal law enforcement agencies to initiate GPS tracking of individuals subject to a domestic abuse or harassment restraining order or injunction.

Under current law, if a person knowingly violates a domestic abuse or harassment

temporary restraining order or injunction, in addition to other penalties, a court may report the violation to the Department of Corrections immediately upon the person's conviction and may order the person to submit to GPS tracking by Corrections.

The bill would newly provide for GPS tracking even if the individual subject to the domestic abuse or harassment restraining order or injunction had not violated the restraining order or injunction, provided a local unit of government, law enforcement agency, or tribal law enforcement agency had established a program to track such individuals with GPS technology.

Provide that a local unit of government, a law enforcement agency, or a tribal law enforcement agency could establish a GPS tracking program for persons subject to a domestic abuse or harassment restraining order or injunction. These eligible governmental agencies could apply for a grant to DOJ to establish and administer such a GPS tracking program. Any such GPS tracking program would have to comply with the guidelines for such programs established by DOJ, regardless of whether the program received grant funding from DOJ.

Authorize DOJ to provide grants to any eligible local unit of government, law enforcement agency, or tribal law enforcement agency whose plan for expending the grant moneys to fund a GPS tracking program for persons who are subject to domestic abuse or harassment restraining orders or injunctions is approved. Provide that DOJ must develop criteria, which need not be promulgated as administrative rules: (a) as guidelines to be followed by a local unit of government, law enforcement agency or tribal law enforcement agency which establishes a GPS tracking program; and (b) for use in awarding GPS program grants to eligible governmental entities.

Increase the penalty for violating a harassment temporary restraining order or injunction from not more than \$10,000, or imprisonment not more than 90 days, or both, to a fine of not more than \$10,000, or imprisonment not more than nine months, or both. As a result, the penalty for violating a harassment temporary restraining order or injunction would be the same as the penalty for violating a domestic abuse temporary restraining order or injunction.

Provide that these provisions would first take effect on January 1, 2014. Similarly, provide that these provisions would first apply to a person subject to a domestic abuse or harassment restraining order or injunction on or after January 1, 2014. [Note that under provisions of 2011 Act 266, GPS tracking of individuals violating domestic abuse and harassment restraining injunctions or orders takes effect for violations occurring on or after January 1, 2014.]

Joint Finance/Legislature: Delete the GPS tracking grant program as introduced. Instead, provide \$250,000 in 2013-14, to a new GPR annual GPS tracking appropriation under DOJ for a pilot program to provide grants to counties to establish a GPS tracking program for persons who are subject to domestic abuse or harassment temporary restraining orders or injunctions. Require a 50% match for any grant funds received under the program. Provide that two or more counties could jointly establish and administer a program and apply for and receive a grant under the GPS tracking pilot grant program. Retain the increased penalty provision for violating a harassment temporary restraining order or injunction.

Request the Joint Legislative Council to conduct a study on the effective and efficient use of global positioning systems and electronic monitoring technology for correctional purposes and for monitoring persons subject to domestic abuse or harassment temporary restraining orders or injunctions. If the Joint Legislative Council conducts the study, it would be required to report its findings, conclusions, and recommendations by June 30, 2015 to the Chief Clerk of each house of the Legislature.

Veto by Governor [G-42]: Delete the 50% match requirement for any grant funds received under the program.

[Act 20 Sections: 391, 1942m, 2282, 9127(1z), and 9426(2L)]

[Act 20 Vetoed Section: 1942m]

2. CRIME VICTIM AND WITNESS PROGRAM FUNDING OVERVIEW [LFB Paper 416]

Governor/Legislature: Under current law, three crime victim and witness programs receive funding from the victim and witness surcharge: (a) the sexual assault victim services grant program; (b) the crime victim compensation program; and (c) county victim and witness service programs. The following table identifies the biennial funding and position changes recommended by the Governor under the bill.

<u>Program</u>	<u>GPR</u>	<u>PR -- Crime Victim</u>		
	<u>Amount</u>	<u>FTE</u>	<u>Surcharge Amount</u>	<u>FTE</u>
Sexual Assault Victim Services Grant Program	\$4,066,400	0.40	-\$3,630,400	-0.40
County Victim & Witness Programs	-2,534,400	0.00	5,351,400	0.00
Crime Victim Compensation Program	<u>2,534,400</u>	<u>0.00</u>	<u>-1,787,400</u>	<u>0.00</u>
Biennial Funding & Position Change	\$4,066,400	0.40	-\$66,400	-0.40

Under the bill, the sexual assault victim services grant program and the crime victim compensation program would no longer receive victim and witness surcharge funding. Instead, these programs would receive additional GPR funding. Further, under the bill, the county victim and witness service programs would receive all victim and witness surcharge revenue collected by the state. These modifications, as well as changes to the crime victim and witness surcharge, are summarized in the following four items.

3. SEXUAL ASSAULT VICTIM SERVICES GRANT PROGRAM [LFB Paper 416]

Governor/Legislature: Delete the PR continuing crime victim and witness surcharge, sexual assault victim services appropriation. Remove base funding and position authority of \$1,815,200 PR and 0.4 PR position annually, which provides grants to nonprofit organizations and public agencies (\$1,782,000 annually) and program staffing support in DOJ (\$33,200 annually). Delete Part B of

	Funding	Positions
GPR	\$4,066,400	0.40
PR	<u>- 3,630,400</u>	<u>- 0.40</u>
Total	\$436,000	0.00

the crime victim and witness surcharge which provides funding to this appropriation. Part B of the surcharge equals \$20 for each misdemeanor or felony offense.

Create a GPR annual sexual assault victim services appropriation and provide \$2,033,200 GPR and 0.4 GPR position annually to this appropriation. The following funding would be provided: (a) \$2,000,000 annually for local assistance grant funding to nonprofit organizations and public agencies which provide services to sexual assault victims; (b) \$23,200 annually for permanent position salary funding; (c) \$8,900 annually for fringe benefits funding; (d) \$500 annually for supplies and services funding; and (e) \$600 annually for rent costs. The recommendation would increase base local assistance grant funding by \$218,000 annually.

The crime victim and witness surcharge is assessed against any person who is convicted of a misdemeanor or felony violation of state law. The amount of the surcharge is \$67 for each misdemeanor offense and \$92 for each felony offense. The crime victim and witness surcharge is comprised of three parts, Part A, Part B, and Part C. Part B of the surcharge equals \$20 for each misdemeanor or felony offense and under current law supports the sexual assault victim services grant program.

[Act 20 Sections: 394, 1942, 2349 thru 2352, and 2358f]

4. COUNTY VICTIM AND WITNESS PROGRAM FUNDING
[LFB Paper 416]

GPR	- \$2,534,400
PR	<u>5,351,400</u>
Total	\$2,817,000

Governor/Legislature: Delete the GPR annual reimbursement for victim and witness services appropriation and its associated base funding of \$1,267,200 GPR annually, which is utilized to reimburse counties for the costs of providing services to victims and witnesses. Provide \$2,675,700 PR annually to the crime victim and witness assistance surcharge appropriation to provide funding to reimburse counties for the costs of providing services to victims and witnesses. Delete the differentiation of Parts A, B, and C of the surcharge, and provide that all crime victim and witness surcharge revenue be used to provide reimbursements to counties for their victim and witness service programs.

Eliminate transfers out of the PR crime victim and witness assistance surcharge appropriation and delete: (a) the victim payments, victim surcharge appropriation which funds crime victim compensation awards from crime victim and witness surcharge revenue; and (b) the reimbursement to counties for providing victim and witness services appropriation from which additional reimbursement payments to counties for their victim and witness programs may be made.

Under current law, Part B of the crime victim and witness surcharge (\$20 for each misdemeanor or felony offense) is used to provide grant funding to nonprofit organizations and public agencies to provide services to sexual assault victims. The bill would delete crime victim and witness surcharge funding for sexual assault victim services grants, and instead provide GPR funding for this program.

Further, under current law, Part A (\$40 for each misdemeanor offense or \$65 for each felony offense) and Part C (\$7 for each misdemeanor or felony offense) of the crime victim and

witness surcharge provide reimbursements to counties for victim and witness services and to fund crime victim compensation awards. If DOJ can fully fund crime victim compensation awards, unutilized balances may be used to make additional reimbursement payments to counties for victim and witness programs.

Under the bill, while the crime victim and witness surcharge would remain at \$67 for each misdemeanor offense and \$92 for each felony offense, there would no longer be a Part A, B, and C of the surcharge. Further, under the bill, all crime victim and witness surcharge revenue would be deposited to the PR annual crime victim and witness assistance surcharge appropriation to provide funding to reimburse counties for the costs of providing services to victims and witnesses.

[Act 20 Sections: 392, 395, 396, 2349 thru 2352, and 2358d thru 2358k]

5. CRIME VICTIM COMPENSATION [LFB Paper 416]

GPR	\$2,534,400
PR	- 1,787,400
Total	\$747,000

Governor/Legislature: Delete the victim payments, victim surcharge appropriation and its base funding of \$893,700 PR annually, which provides funding for crime victim compensation awards. Under current law, this appropriation is supported by Parts A and C of the crime victim and witness surcharge.

Instead, provide \$1,267,200 GPR annually to provide increased funding for crime victim compensation awards.

The crime victim and witness surcharge is assessed against any person who is convicted of a misdemeanor or felony violation of state law. The amount of the surcharge is \$67 for each misdemeanor offense and \$92 for each felony offense. The crime victim and witness surcharge is comprised of three parts, Part A, Part B, and Part C. Part A of the surcharge equals \$40 for each misdemeanor offense or \$65 for each felony offense. Part C of the surcharge equals \$7 for each misdemeanor or felony offense.

Under current law, Parts A and C of the crime victim and witness surcharge supports: (a) reimbursements to counties to support victim and witness service programs; and (b) crime victim compensation awards. Under the bill, the crime victim and witness surcharge would be utilized exclusively to provide reimbursements to counties to support victim and witness service programs.

[Act 20 Sections: 393, 395, and 2339]

6. CRIME VICTIM AND WITNESS SURCHARGE

Governor/Legislature: Provide that all crime victim and witness surcharge revenue be used to provide funding to reimburse counties for the costs of providing services to victims and witnesses. In addition, make the following changes to state law governing the imposition and collection of the crime victim and witness surcharge:

a. Provide that the crime victim and witness surcharge may not be waived, reduced, or forgiven for any reason.

b. While under current law, if a court imposes a sentence or places a person on probation, the court must impose a crime victim and witness surcharge of \$67 for each misdemeanor offense or count and \$92 for each felony offense or count, under the bill the court would be required to impose a surcharge for each count on which a conviction occurred.

c. At least 90 days before the expiration of a probationer's period of probation, the Department of Corrections would be required to notify the sentencing court and district attorney that a probationer owed an unpaid crime victim and witness surcharge. Upon receiving notice from Corrections, the court would be required to schedule a probation review hearing to be held before the expiration date of the period of probation unless the probationer either paid the unpaid crime victim and witness surcharge before the scheduled hearing date or voluntarily waived the hearing. A waiver of this probation review hearing would have to include an acknowledgement by the probationer that waiver could result in the extension of the probation period, a modification of the terms and conditions of probation, or a revocation of probation.

If the court did not extend probation, the court would be required to issue a judgment for the unpaid crime victim and witness surcharge and direct the clerk of circuit court to file and enter the judgment in the judgment and lien docket. The judgment would have the same force and effect as other judgments entered on the judgment and lien docket.

At a probation review hearing, Corrections would have the burden of proving that the probationer owed an unpaid crime victim and witness surcharge and the amount of the unpaid surcharge. If Corrections proved by a preponderance of the evidence that the probationer owed an unpaid crime victim and witness surcharge, the court could, by order, extend the period of probation for a stated period or modify the terms and conditions of probation.

If the court did not extend or modify the terms of probation, the court would be required to issue a judgment for the unpaid crime victim and witness surcharge and direct the clerk of circuit court to file and enter the judgment in the judgment and lien docket without fee. If the court issued a judgment for the unpaid crime victim and witness surcharge, the court would be required to send Corrections a written notification that a civil judgment had been issued for the unpaid surcharge. The judgment would have the same force and effect as other judgments entered on the judgment and lien docket.

[Act 20 Sections: 2348 and 2359]

7. DIRECTOR OF THE OFFICE OF CRIME VICTIM SERVICES

Governor/Legislature: Modify the title for the Director of the Office of Crime Victim Services from Program Director to Executive Director. Reassign the Director of the Office of Crime Victim Services from executive salary group one (with a current salary range of \$59,406 to \$92,081 annually) to executive salary group three (with a current salary range of \$69,294 to \$107,407 annually).

[Act 20 Sections: 492, 495, and 2007]

LEGISLATURE

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$148,192,000	\$146,179,500	\$146,007,000	\$146,007,000	\$146,007,000	-\$2,185,000	- 1.5%
PR	<u>3,902,200</u>	<u>3,984,100</u>	<u>3,984,100</u>	<u>3,984,100</u>	<u>3,984,100</u>	<u>81,900</u>	2.1
TOTAL	\$152,094,200	\$150,163,600	\$149,991,100	\$149,991,100	\$149,991,100	-\$2,103,100	- 1.4%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	758.17	758.17	758.17	758.17	758.17	0.00
PR	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>0.00</u>
TOTAL	777.97	777.97	777.97	777.97	777.97	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$2,128,500
PR	<u>81,900</u>
Total	-\$2,046,600

Governor/Legislature: Provide adjustments to the base budget totaling -\$1,095,800 GPR and \$35,600 PR in 2013-14 and -\$1,032,700 GPR and \$46,300 PR in 2014-15. Adjustments are for: (a) turnover reduction (-\$814,700 GPR annually); (b) full funding of continuing position salaries and fringe benefits (-\$483,300 GPR and \$21,000 PR annually); (c) reclassifications and semiautomatic pay progression (\$9,000 GPR and \$8,100 PR in 2013-14 and \$20,100 GPR and \$15,600 PR in 2014-15); and (d) full funding of lease and directed moves costs (\$193,200 GPR and \$6,500 PR in 2013-14 and \$245,200 GPR and \$9,700 PR in 2014-15).

2. MEMBERSHIP IN NATIONAL ASSOCIATIONS

GPR	\$101,000
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Governor/Legislature: Provide \$50,500 annually 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 \$199,500 annually.

3. ACTUARIAL STUDIES

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$15,000	\$15,000	\$30,000

Governor: Provide \$15,000 in 2013-14 for the Joint Legislative Council contractual studies appropriation account to conduct actuarial studies approved by the Joint Survey Committee on Retirement Systems. The biennial contractual studies appropriation account has no base funding in 2012-13.

Joint Finance/Legislature: Provide an additional \$15,000 in 2013-14 to conduct actuarial studies.

4. LEGISLATIVE LAPSE REQUIREMENT

Under 2011 Act 32, the Co-Chairpersons of the Joint Committee on Legislative Organization must take action in the 2011-13 and 2013-15 biennia to ensure that \$9,232,200 from GPR appropriations be lapsed to the general fund in each biennium. That provision is unchanged in the Governor's 2013-15 budget recommendations and was not modified by the Legislature. Thus, the Legislature is required to lapse \$9,232,200 to the general fund in 2013-15.

5. MODIFY PUBLISHING REQUIREMENTS OF THE LEGISLATIVE REFERENCE BUREAU

GPR	- \$187,500
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Joint Finance/Legislature: Reduce the Legislature's sum sufficient GPR appropriation account for the acquisition, production, retention, sales and distribution of legislative documents by \$187,500 GPR in 2014-15 to reflect lower printing costs associated with the electronic publishing of the Wisconsin Administrative Code and the Wisconsin Administrative Register. Revise Legislative Reference Bureau (LRB) publishing requirements, as follows. Each provision, as noted, would be effective either immediately (the day after publication of the 2013-15 biennial budget act) or on January 1, 2015.

Code and Register. Eliminate the requirement that the Wisconsin Administrative Code (code) and the Wisconsin Administrative Register (register) be published in a printed paper format. Eliminate the statutory requirement that the code and register be distributed to constitutional officers, legislative service agencies, the judiciary, state agencies, libraries, and certain federal offices and officers. Eliminate the paid subscription service to the code and register administered by the Department of Administration (DOA). Instead, require the LRB to publish the code and register on the Internet in one or more electronic file formats determined by

the LRB, and allow the LRB to publish the code on other electronic media in one or more electronic file formats determined by the LRB. Require the LRB to publish the register on the first Monday of each week, or the next working day if Monday is a holiday. These provisions would also codify existing differences in content between the complete register and the other issues of the register. [These provisions would be effective January 1, 2015.]

State Statutes. Require the LRB to electronically publish interim updated versions of the biennial Wisconsin Statutes (electronic updates) on the Internet in one or more electronic file formats determined by the LRB, and allow the LRB to publish electronic updates on other electronic media in one or more electronic file formats determined by the LRB. Require the LRB to include with each such electronic update certain information indicating the date of the electronic update and how current the update is and to include a certification that the LRB has verified that the electronic update is correctly published. These provisions would not affect the printing of the biennial Wisconsin Statutes. [These provisions would be effective immediately.]

Wisconsin Acts. Clarify that the required publication of acts by the LRB on the date of publication is electronic publication on the Internet, and provide that the LRB may publish each act on the Internet in one or more electronic file formats determined by the LRB. Allow the LRB to publish acts on other electronic media in one or more electronic file formats determined by the LRB. [These provisions would be effective immediately.]

Format Requirements. Unless otherwise determined by the LRB, require the LRB to electronically publish the code, register, and statutes in a format that is in substantially the same format as the previous edition or version of the same publication. [These provisions would be effective January 1, 2015.]

Archive Requirements: Statutes and Acts: Require the LRB to maintain electronic archives of electronically published statute updates and acts in an electronic file format that allows for their continued usability. [These provisions would be effective immediately.]

Archive Requirements: Code and Registers: Require the LRB to maintain electronic archives of electronically published code chapters and registers in an electronic file format that allows for their continued usability. In addition, require the LRB to print one or more copies of each code chapter each time it is published, and to preserve the printed copies as a permanent archive. [These provisions would be effective January 1, 2015.]

Administrative Rules. For purposes of determining when permanent rules take effect, specify that the date of publication would be the date the code chapters affected by the permanent rule are electronically published in the register. Require the electronic publication in the register of an entire proposed rule and all other materials relating to the rule as a part of the hearing notice, either in full text or by use of a hypertext link to the full text.

Require the publication in the register of emergency rules themselves, either in full text or by use of a hypertext link to the full text. Require state agencies to submit to the LRB for publication all proposed administrative rules, as well as notices, certain analyses, fiscal estimates, and statements relating to proposed rules that are currently required to be published in

the register, in an electronic format approved by the LRB. Require each final promulgated rule filed with the LRB to be published in a register, either in full text or by use of a hypertext link to the full text. [These provisions would be effective January 1, 2015.]

Courts. Provide that the electronically published code, register, statutes, and acts are prima facie evidence in Wisconsin courts that these publications are what they purport to be. [This provision would be effective immediately.]

Process Requirements. Provide that the LRB must correct obvious minor clerical errors when enrolling bills, publishing the statutes or laws, or submitting certain items required to be printed in the official state newspaper. Provide that the LRB must correct obvious nonsubstantive errors in publishing the biennial printed Wisconsin Statutes, the electronic updates of the Wisconsin Statutes, and the code. [These provisions would be effective immediately.]

When two or more acts of a legislative session affect the same statutory unit without taking cognizance of each other, the LRB may, under current law, incorporate the changes made by the acts if there is no mutual inconsistency between the acts. In this instance, the LRB must then place a note below the affected section and include a provision in a correction bill to formally validate the incorporation. Clarify that, when placing a note in the statutes for such an incorporation, the LRB will place the note below the statutory unit. [This provision would be effective immediately.]

Require the LRB, by the end of each even-numbered year, to report to the Legislature's Law Revision Committee (LRC) those reported opinions of the Attorney General, and those reported decisions of any federal district court, or any state or federal appellate court, in which Wisconsin statutes or session laws are stated to be in conflict, ambiguous, anachronistic, unconstitutional, or otherwise in need of revision. Under current law the report is required prior to August 1 of each even-numbered year. [This provision would be effective immediately.]

Clarify, in various provisions in current law relating to state printing, that the Wisconsin Annotations are no longer a distinct publication and are instead incorporated into the Wisconsin Statutes. Eliminate the statutory requirement that the Wisconsin annotations must be distributed to constitutional officers, legislative service agencies, the judiciary, state agencies, libraries, and certain federal offices and officers. [These provisions would be effective immediately.]

Allow state agencies to provide the LRB with one or more Web addresses to provide electronic access to the standards for publication in conjunction with publication of the code and register. Under current law, an agency may, with the consent of the Attorney General, adopt standards established by technical societies and organizations of recognized national standing by incorporating the standards in its rules by reference to the publication in which they appear, without reproducing the standards in full. The provision would allow electronic access to the referenced standards. [This provision would be effective January 1, 2015.]

Provide that the Department of Safety and Professional Services (DPS) may provide to the LRB one or more Web addresses to provide electronic access to certain safety standards for publication in conjunction with publication of the code and register. Current law provides that, if

certain safety standards adopted by DSPS are identical to regulations adopted by a federal agency, the standards need not be duplicated in the code and register if the identical federal regulations are made available to the public at a reasonable cost, the standards are promulgated in accordance with the rule-making process, and paper copies of the regulations are distributed to certain statutory recipients. Instead of requiring distribution of paper copies of the regulations adopting safety standards, the provision would allow DSPS to provide electronic access through Web addresses. [This provision would be effective January 1, 2015.]

In summary, the above provisions would revise LRB publishing requirements to more fully utilize electronic access to the Wisconsin Administrative Code, the Wisconsin Administrative Register, Wisconsin Statutes and acts, and other associated documentation the LRB is responsible for maintaining. The current law requirements for printing the biennial Wisconsin Statutes are not affected by these provisions. Because certain printed publications would no longer be required, the Legislature's sum sufficient GPR appropriation account for the acquisition, production, retention, sales and distribution of legislative documents would be reduced. The new electronic publishing requirements would take effect January 1, 2015; therefore, the appropriation would be reduced by \$187,500 GPR in 2014-15. On an annualized basis, the savings are estimated at \$375,000 GPR.

[Act 20 Sections: 27d thru 27pk, 197p, 415g, 415h, 575b thru 575t, 1599p, 1991p, 1996bp thru 1996tp, 2317p, 9127(1q)&(1r), 9327(1q), and 9427(1q)&(1r)]

6. JOINT COMMITTEE ON FINANCE MEETING ROOM

Joint Finance/Legislature: Modify current law to specify that the Joint Committee on Finance maintain its offices and meeting room on the fourth floor of the east wing of the State Capitol. Under current law, the Committee is required to maintain its offices and meeting room on the first floor of the south wing of the State Capitol.

[Act 20 Section: 1t]

LIEUTENANT GOVERNOR

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$787,000	\$633,200	\$633,200	\$633,200	\$633,200	-\$153,800	- 19.5%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	4.00	4.00	4.00	4.00	4.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$124,400
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Governor/Legislature: Provide adjustments to the base budget totaling -\$62,200 annually in the 2013-15 biennium for full funding of continuing position salaries and fringe benefits.

2. PERMANENT GPR REDUCTIONS

GPR	- \$29,400
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Governor/Legislature: Provide a reduction of \$14,700 annually to implement the lapse provisions of 2011 Act 32 relating to reductions in base funding. The reduction is applied to LTE salary funding (-\$7,500 annually) and supplies and services funding (-\$7,200 annually) in the Office's general program operations appropriation.

LOWER WISCONSIN STATE RIVERWAY BOARD

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
SEG	\$405,200	\$417,500	\$417,500	\$417,500	\$417,500	\$12,300	3.0%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
SEG	2.00	2.00	2.00	2.00	2.00	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$12,300
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Governor/Legislature: Provide \$6,100 in 2013-14 and \$6,200 in 2014-15 from the conservation fund (75% water resources and 25% forestry account) as follows: (a) \$5,400 annually for full funding of continuing salaries and fringe benefits; and (b) \$700 for full funding of lease costs and directed moves.

MEDICAL COLLEGE OF WISCONSIN

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$15,323,000	\$18,188,700	\$18,693,600	\$18,693,600	\$18,693,600	\$3,370,600	22.0%
PR	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>495,000</u>	<u>0</u>	0.0
TOTAL	\$15,818,000	\$18,683,700	\$19,188,600	\$19,188,600	\$19,188,600	\$3,370,600	21.3%

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

Budget Change Items

1. FAMILY MEDICINE RESIDENCY PROGRAMS [LFB Paper 430]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,756,000	\$504,900	\$2,260,900

Governor: Provide \$878,000 annually to: (a) expand MCW's three existing family medicine residency programs in southeast Wisconsin to train 12 additional physicians each biennium (\$585,500 annually); and (b) develop a new family medicine residency program in northeast Wisconsin (\$292,500 annually). State funding for MCW's family medicine residency programs is provided in an appropriation for family medicine education. Annual base level funding for this appropriation is \$2,848,500. Of the amount provided in 2012, MCW spent \$1,784,100 for direct residency support, \$644,700 for indirect program support and administration, \$231,100 for residency information support systems, and \$188,600 for medical student education.

Joint Finance/Legislature: Modify the Governor's recommendation to reduce funding by

\$380,000 in 2013-14 and provide \$884,900 in 2014-15 to: (a) expand MCW's three existing family medicine residency programs in southeast Wisconsin to train 12 additional physicians each biennium (-\$237,500 in 2013-14 and \$827,400 in 2014-15); and (b) develop a new family medicine residency program in northeast Wisconsin (-\$142,500 in 2013-14 and \$57,500 in 2014-15). The funding provided for the existing residency programs would allow MCW to train three additional first-year residents in 2013-14 and 12 additional first- and second-year residents in 2014-15.

2. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	\$1,109,700
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Governor/Legislature: Provide \$468,700 in 2013-14 and \$641,000 in 2014-15 to reestimate debt service costs related to general fund supported borrowing issued for the benefit of the Medical College in previous biennia. Annual base level funding for GPR debt service is \$2,886,400.

3. RETITLE GENERAL PROGRAM OPERATIONS APPROPRIATION

Governor/Legislature: Change the title of the general program operations appropriation to "medical student tuition assistance." Funds provided in this appropriation are used to provide tuition assistance to resident students enrolled in MCW.

[Act 20 Section: 225]

4. MEDICAL SCHOOL REPORTS

Governor/Legislature: Require MCW to submit a report annually by October 15 to the Governor and the Chief Clerk of each house of the Legislature providing the following information: (a) the number of students enrolled in rural and underserved urban medicine programs; (b) the medical specialties and residency locations of the students in those programs; and (c) the initial postresidency practice locations of the graduates of those programs. Define "rural or underserved urban medicine program" to include the Wisconsin Academy for Rural Medicine, the Training in Urban Medicine and Public Health program, any community medical education program of the Medical College of Wisconsin, and any other rural or underserved urban medicine program established after the effective date of the bill.

In addition, combine a report that MCW is currently required to submit biennially to the Governor and the Joint Committee on Finance with a separate report that MCW is currently required to submit by October 15 of each even-numbered year to the Governor and the Chief Clerk of each house. The combined report would be submitted to the Governor, the Joint Committee on Finance, and the Chief Clerk of each house by October 15 of each even-numbered year and would include the following information: (a) minority student recruitment policies and programs and the number of minority students enrolled; (b) number and percentages of Wisconsin residents enrolled; (c) average faculty salaries compared to national averages; (d) development of cooperative educational programs with other institutions throughout this state;

(e) placement of graduates of doctor of medicine and residency training programs; (f) the financial status of the family practice residency sites; (g) the number of family practice residents choosing to practice in medically underserved areas of the state upon graduation; and (h) the number of graduates entering family practice as a career.

[Act 20 Sections: 2 thru 6]

MILITARY AFFAIRS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$48,026,000	\$48,398,100	\$48,350,700	\$48,350,700	\$48,350,700	\$324,700	0.7%
FED	105,777,000	139,479,600	139,469,200	139,469,200	139,469,200	33,692,200	31.9
PR	12,453,000	13,690,500	13,686,900	13,686,900	13,686,900	1,233,900	9.9
SEG	<u>939,400</u>	<u>3,939,400</u>	<u>1,908,500</u>	<u>1,908,500</u>	<u>1,908,500</u>	<u>969,100</u>	103.2
TOTAL	\$167,195,400	\$205,507,600	\$203,415,300	\$203,415,300	\$203,415,300	\$36,219,900	21.7%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	80.63	80.63	80.63	80.63	80.63	0.00
FED	296.39	311.19	311.19	311.19	311.19	14.80
PR	<u>39.54</u>	<u>37.04</u>	<u>37.04</u>	<u>37.04</u>	<u>37.04</u>	<u>- 2.50</u>
TOTAL	416.56	428.86	428.86	428.86	428.86	12.30

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 435]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)		Funding Positions	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$56,800	0.00	-\$70,000	0.00	-\$126,800	0.00
FED	- 197,100	- 1.00	- 10,400	0.00	- 207,500	- 1.00
PR	<u>34,200</u>	<u>0.00</u>	<u>- 3,600</u>	<u>0.00</u>	<u>30,600</u>	<u>0.00</u>
Total	-\$219,700	- 1.00	-\$84,000	0.00	-\$303,700	- 1.00

Governor: Provide standard adjustments totaling -\$28,400 GPR, -\$76,500 FED and -1.0 FED position, and \$17,100 PR in 2013-14, and -\$28,400 GPR, -\$120,600 FED and -1.0 FED position, and \$17,100 PR in 2014-15. Adjustments are for: (a) turnover reduction (-\$103,800 GPR and -\$295,600 FED annually); (b) removal of noncontinuing elements from the base

(-\$8,000 FED and -1.0 FED position in 2013-14, and -\$52,100 FED and -1.0 FED position in 2014-15); (c) full funding of continuing salaries and fringe benefits (\$40,100 GPR, -\$246,400 FED, and \$3,200 PR annually); (d) overtime (\$35,300 GPR, \$416,300 FED, and \$11,600 PR annually); (e) night and weekend differential (\$57,200 FED and \$2,300 PR annually); and (f) minor transfers within the same appropriation.

Joint Finance/Legislature: Due to inadvertent calculation errors related to salary figures and fringe benefit rates, reduce funding to Department of Military Affairs (DMA) appropriations by \$35,000 GPR, \$5,200 FED, and \$1,800 PR annually. These standard budget adjustment changes include: (a) -\$35,000 GPR annually as a re-estimate of full funding of continuing salaries and fringe benefits; and (b) -\$5,200 FED and -\$1,800 PR annually as a re-estimate of overtime costs.

2. TRANSFER FEDERAL HOMELAND SECURITY GRANT PROGRAMS FROM THE OFFICE OF JUSTICE ASSISTANCE [LFB Paper 405]

	Funding	Positions
FED	\$33,267,200	3.00

Governor/Legislature: Provide \$16,633,600 and 3.0 positions annually associated with the transfer of federal homeland security grant programs (other than interoperable communications) from the Office of Justice Assistance (OJA) to DMA. The annual funding would be provided as follows: (a) \$10,900,000 for local assistance; (b) \$3,400,000 for special purposes; (c) \$2,008,200 for supplies and services costs; (d) \$163,300 for permanent position salaries; (e) \$84,400 for fringe benefits costs; and (f) \$77,700 for LTE and other miscellaneous salaries.

Transitional Provisions. Provide that the assets, liabilities, contracts, pending matters, and employees of OJA primarily related to administering federal homeland security moneys, and not related to interoperable communications, as determined by the Department of Administration become the assets, liabilities, contracts, pending matters, and employees of DMA.

Specify that all transferred OJA employees would have the same rights and status as they had at OJA. Further, provide that OJA staff that had obtained permanent status would not have to undergo a probationary period in DMA.

Specify that all rules and orders of OJA primarily related to administering federal homeland security moneys, and not related to interoperable communications, remain in effect until their specified expiration dates or until amended, modified, repealed, or rescinded by DMA.

[Act 20 Sections: 171, 184, and 9101(1)]

3. STATE DISASTER ASSISTANCE PROGRAM [LFB Paper 436]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$3,000,000	- \$2,030,900	\$969,100

Governor: Provide \$1,500,000 annually to the state disaster assistance SEG continuing appropriation to provide additional funding for the state disaster assistance program. Funding would be provided from the petroleum inspection fund. Any funds not expended in a fiscal year would be available to the program in subsequent years.

The state disaster assistance program makes payments to local units of government and to federally recognized American Indian tribes or bands for the damages and costs incurred as the result of a disaster if federal disaster assistance is not available. Eligible costs of local units of government and American Indian tribes or bands 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. To be eligible for a payment under the program, the local unit of government or American Indian tribe or band must pay 30% of the amount of the damages and costs resulting from the disaster.

Joint Finance/Legislature: Reduce funding provided to the program by \$788,800 annually as a re-estimate of required funding based on actual and estimated expenditures over the last four biennia. In addition, reduce funding by \$453,300 in 2013-14, based on an estimated positive closing balance for the program of \$453,300 on June 30, 2013.

4. DEBT SERVICE [LFB Paper 164]

GPR	\$677,200
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Governor/Legislature: Provide \$319,100 in 2013-14, and \$358,100 in 2014-15, to reflect the reestimate of GPR debt service costs on state general obligation bonds and commercial debt issued for Army National Guard facilities operated by DMA.

5. EMERGENCY MANAGEMENT VOLUNTEER WORKER'S COMPENSATION CLAIMS [LFB Paper 437]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$32,600	\$22,600	\$55,200

Governor: Provide \$16,300 annually as an estimate of required funding to a new GPR sum sufficient worker's compensation for local unit of government volunteers appropriation. Wisconsin Emergency Management under DMA would be authorized to utilize this

appropriation to pay the worker's compensation claims of emergency management program volunteers.

Under current law, an individual who registers in writing with a local unit of government's emergency management program to provide his or her labor without compensation (other than reimbursement for travel, lodging, or meals) during a disaster, an imminent threat of a disaster, or a related training exercise is considered an employee of the local unit of government for worker's compensation for purposes of any claim relating to the labor provided. The local unit of government is initially liable for any worker's compensation payments owed to any such volunteer. If in the initial calendar year, however, the worker's compensation costs incurred by the local unit of government exceed \$1 per capita of the local unit of government's population, the state must reimburse the local unit of government for the amount of worker's compensation costs that exceed this amount. If the state provides reimbursement to a local unit of government in the initial calendar year of the incident, the state must also reimburse the local unit of government for all future worker's compensation costs incurred with respect to the volunteer's worker's compensation claims.

Modify current law to provide that if an individual registers in writing with a local unit of government's emergency management program to provide his or her own labor without compensation, such an individual would be considered an employee of the state for worker's compensation for purposes of any claim relating to the labor provided. If such an individual would file a worker's compensation claim relating to the individual's labor provided under these circumstances, the local unit of government would be required to refer the claim to DMA. If the claim is payable under Chapter 102 (Worker's Compensation), DMA would be required to pay the entire claim from its new GPR sum sufficient worker's compensation for local unit of government volunteers appropriation.

The creation of the new GPR sum sufficient appropriation and the programmatic changes to the emergency management volunteers program would first apply to worker's compensation claims for an injury suffered by an emergency management program volunteer on the effective date of the budget bill.

Joint Finance/Legislature: Permit the GPR sum sufficient worker's compensation for local unit of government volunteers appropriation to be utilized to pay claims for injuries suffered prior to the effective date of the budget bill. Provide an additional \$11,300 annually as an estimate of health care costs that may be incurred by a volunteer injured on May 13, 2000, whose claims during 2013-15 would be paid from the GPR sum sufficient worker's compensation appropriation. Maintain current law regarding state liability for worker's compensation claims of injured volunteers.

[Act 20 Sections: 397, 2163g, and 2163r]

6. FUEL AND UTILITIES

GPR	- \$280,900
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Governor/Legislature: Delete \$180,700 in 2013-14 and \$100,200 in 2014-15 associated

with fuel and utility cost estimates at agency facilities. Base level funding for agency energy costs is \$2,873,300.

7. EXPENDITURE AUTHORITY INCREASES RELATED TO ESTIMATED REVENUES

PR	\$1,410,000
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Governor/Legislature: Provide the following expenditure authority increases:

a. \$300,000 annually for increased emergency planning grant funding for county-based local emergency planning committees. Program funding is derived from fees paid by facilities that are subject to federal regulations for hazardous chemicals under the federal Emergency Planning and Community Right-to-Know Act, and for planning to respond to the potential release of extremely hazardous substances from a facility at which a hazardous chemical is produced, used, or stored. Emergency planning grant funds may be utilized: (a) to maintain hazardous substances emergency response plans; (b) to review, exercise, and implement these emergency response plans; (c) to purchase computers and emergency response equipment; (d) for committee operation and administration; and (e) for hazardous materials response supplies.

b. \$75,000 annually in supplies and services funding to the National Guard Operations gifts and grants appropriation to make grants to local law enforcement agencies from counter drug program revenues.

c. \$130,000 annually (\$80,000 annually for LTE salaries and \$50,000 annually for fringe benefits) to the National Guard Operations military property appropriation. This appropriation receives revenue from the sale of state-owned military property and from the provision of housing services to military personnel. This appropriation is utilized to pay costs associated with the purchase, rent, construction, and maintenance of military property.

d. \$200,000 annually in increased supplies and services funding for the radiological emergency preparedness program to address additional federal regulations, support the new call center, and fund increased planning exercises. 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 is divided between the Departments of Military Affairs and Health Services.

8. EMERGENCY MANAGEMENT POSITIONS

Governor/Legislature: Provide \$97,000 FED and 1.5 FED positions and \$97,000 PR and 1.5 PR positions in 2013-14, and \$121,500 FED and 1.5 FED positions and \$121,500 PR and 1.5 PR positions in 2014-15. Under the bill, positions would include: (a) 1.0 Emergency

	Funding	Positions
FED	\$218,500	1.50
PR	<u>218,500</u>	<u>1.50</u>
Total	\$437,000	3.00

Operations Center (EOC) Technical Systems Administrator who would maintain and administer the EOC management system, which is a web-based incident management and information sharing tool; (b) 1.0 Threat and Hazard Identification and Risk Assessment Planner who would be responsible for identifying the various threats and hazards facing Wisconsin communities, developing targets for capability needed to address those threats and hazards, and annually determining progress toward meeting these targets; and (c) 1.0 Recovery Planner who would work on specialized planning issues related to recovery from a radiological incident. All three full-time positions would be split-funded, 0.50 FED and 0.50 PR. Federal funding would come from Emergency Management Planning Grant funds from the federal Department of Homeland Security, and the PR funding would come from annual payments made to the state from power companies which own nuclear power plants in Wisconsin and Minnesota.

9. WEST BEND ARMY AVIATION SUPPORT FACILITY AND ARMORY

PR	\$305,000
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Governor/Legislature: Provide one-time financing of \$305,000 in 2013-14 to the National Guard Operations PR annual military property appropriation. The administration indicates that the intent of this provision is to pay for construction costs related to the West Bend Army Aviation Support Facility and Armory.

The PR annual military property appropriation may be utilized to pay for the repair, maintenance, and construction of military property. The appropriation receives the following sources of revenue: (a) moneys received on account of lost military property; (b) sale of obsolete or unserviceable military property; (c) sale of any state-owned military property, real and personal; (d) rental of state-owned housing; and (e) provision of housing-related services to military personnel.

10. ARMORY STORE OPERATIONS

PR	-\$273,800
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Governor/Legislature: Delete \$136,900 annually in expenditure authority provided to the armory store operations appropriation (\$24,700 in permanent position salary funding, \$12,200 in fringe benefits funding, and \$100,000 in supplies and services funding). This appropriation is utilized to fund the operation of an armory store at Camp Williams and is funded by revenues received from purchases from the store. The provision would delete all salary and fringe benefits funding associated with the 1.0 full-time equivalent position that is authorized to the armory store operations appropriation. The provision would also delete \$100,000 annually in supplies and services expenditure authority that the Department indicates is no longer needed or utilized. Under the provision, the armory store operations appropriation would retain \$83,000 annually in supplies and services expenditure authority.

11. TRANSFER 4.0 FTE TRUAX FIELD FIREFIGHTER POSITIONS FROM PR TO FED APPROPRIATION

	Funding	Positions
FED	\$414,000	4.00
PR	<u>- 456,400</u>	<u>- 4.00</u>
Total	- \$42,400	0.00

Governor/Legislature: Provide the following in order to reflect the manner in which federal funding from the National Guard Bureau is received to support certain firefighter positions: (a) \$207,000 FED and 4.0 FED positions annually to the National Guard Operations' FED continuing federal aid appropriation (\$139,800 in permanent salary funding and \$67,200 in associated fringe benefits funding annually); and (b) -\$228,200 PR and -4.0 PR positions annually to the National Guard Operations' PR annual intergovernmental services appropriation (-\$139,800 in permanent salary funding, -\$78,700 in associated fringe benefits funding, and -\$9,700 in supplies and services funding annually).

12. TRANSFERS WITHIN APPROPRIATIONS

Governor/Legislature: Delete \$50,900 GPR annually in permanent position salary funding and provide an offsetting \$50,900 GPR annually in supplies and services funding to the National Guard Operations GPR annual general program operations appropriation. Delete \$40,000 PR annually in supplies and services funding and provide an offsetting \$40,000 PR annually in fringe benefits funding to the Emergency Management Services PR annual program services appropriation.

13. AUTHORIZED FEDERAL POSITIONS

	Positions
FED	7.30

Governor/Legislature: Provide 7.30 positions annually to the following appropriations to reconcile the DMA budget with the number of FED funded positions authorized by the Department of Administration: (a) 5.0 classified positions annually to the National Guard Operations FED continuing federal aid appropriation; and (b) 2.3 classified positions annually to the Emergency Management Services FED continuing federal aid, state operations appropriation. Under current law, additional federal positions to a FED appropriation may be created by the executive branch without legislative authorization.

MISCELLANEOUS APPROPRIATIONS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$192,268,800	\$201,423,300	\$213,142,800	\$213,142,800	\$213,142,800	\$20,874,000	10.9%
SEG	<u>57,436,000</u>	<u>60,202,000</u>	<u>60,874,900</u>	<u>60,874,900</u>	<u>60,874,900</u>	<u>3,438,900</u>	6.0
TOTAL	\$249,704,800	\$261,625,300	\$274,017,700	\$274,017,700	\$274,017,700	\$24,312,900	9.7%

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

Budget Change Items

- 1. OPERATING NOTE ISSUANCE COSTS** [LFB Paper 158] GPR - \$5,150,000

Joint Finance/Legislature: Delete \$5,150,000 in 2013-14 to reflect the projection that no operating notes will be issued in that year. Of the funding deleted, \$5,000,000 would be for interest costs and \$150,000 for costs of issuance in 2013-14.

- 2. INTEREST PAYMENTS TO SEGREGATED FUNDS** [LFB Paper 159]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,527,500	- \$3,227,500	- \$1,700,000

Governor: Provide \$593,000 in 2013-14 and \$934,500 in 2014-15 to pay the estimated interest due from the general fund to segregated funds that participate in the state investment fund managed by the State of Wisconsin Investment Board. These interest payments will be made to compensate these segregated funds for short-term cashflow-related borrowing by the

general fund from available SEG fund balances. With these increases, estimated base level funding of \$1,300,000 would increase to \$1,893,000 in 2013-14 and \$2,234,500 in 2014-15.

Joint Finance/Legislature: Delete \$1,593,000 in 2013-14 and \$1,634,500 in 2014-15. Of the funding deleted, \$1,500,000 annually would be transferred to the new appropriation for investment fund fees shown in the next entry, and \$93,000 in 2013-14 and \$134,500 in 2014-15 would be reduced as a reestimate of these interest payments. A net amount of \$300,000 in 2013-14 and \$600,000 in 2014-15 would remain in this appropriation.

3. CREATE APPROPRIATION FOR INVESTMENT FUND FEES [LFB Paper 159]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$3,000,000	\$3,000,000

Governor: Create a GPR sum sufficient appropriation for the payment of fees to financial institutions relating to investment of moneys in the general fund in the state investment fund, excluding program revenue accounts under the UW System, that are not otherwise paid from earnings on those moneys.

Joint Finance/Legislature: Provide \$1,500,000 annually for the estimated costs of investment fund fees.

[Act 20 Section: 466]

4. INTEREST ON OVERPAYMENT OF TAXES

GPR	\$1,000,000
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Governor/Legislature: Increase estimated payments from the sum sufficient appropriation by \$500,000 annually to reflect payments estimated at \$2,500,000 in each year of the biennium. The amounts reflect the interest on taxes refunded to taxpayers due to an overpayment of individual and corporate income and franchise taxes, general sales and use taxes, and manufacturing property taxes.

5. REESTIMATE OF CANCELLED DRAFT PAYMENTS [LFB Paper 108]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$650,000	- \$700,000	- \$50,000

Governor: Provide \$325,000 annually associated with reestimated cancelled draft payments. Under current law, any check, share draft, or other draft that is issued by the state may

be cancelled if not cashed in the period stated on the check or draft. The funds are then re-credited to the fund from which the moneys would have been paid. The party to whom the original check or draft was written may request a reissuance of the cancelled check or draft within six years of the original issuance. The cancelled draft payments appropriation is a sum sufficient. The appropriated amounts represent an estimate of the GPR-funded checks and drafts that will be reissued each year. Base funding for the appropriation is \$1,175,000 GPR annually.

Joint Finance/Legislature: Reestimate cancelled draft payments by -\$325,000 in 2013-14 and -\$375,000 in 2014-15. Total funding for cancelled drafts would be \$1,175,000 in 2013-14 and \$1,125,000 in 2014-15.

6. OIL PIPELINE TERMINAL TAX

GPR	\$122,400
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Governor: Increase estimated payments by \$67,700 in 2013-14 and \$54,700 in 2014-15 to reflect oil pipeline terminal tax payments of \$1,219,000 in 2013-14 and \$1,206,000 in 2014-15. 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 cost as a percentage of the gross book value of the pipeline company in Wisconsin.

Joint Finance/Legislature: Modify the oil pipeline terminal tax distribution to guarantee a minimum payment to municipalities where terminal property is located if the municipality received a payment in 2011. Set the minimum payment equal to the amount received by the municipality in 2011, except as follows. Set the minimum payment for an eligible municipality equal to 50% of the total ad valorem taxes paid to the state by the pipeline company with terminal property in the municipality if the total ad valorem tax paid to the state by that pipeline company is less than 200% of the 2011 state payment to the municipality attributable to that pipeline company. Extend these provisions to terminal tax distributions beginning in 2013.

[Act 20 Sections: 1467g and 1467h]

7. MARQUETTE DENTAL SCHOOL DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	\$19,200
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Governor/Legislature: Increase funding by \$32,600 in 2013-14 and decrease funding by \$13,400 in 2014-15 to reflect the reestimate of debt service costs on state general obligation bonds and commercial paper debt issued to fund a portion of the dental and educational facility for the Marquette Dental School.

8. NONPOINT ACCOUNT TRANSFER

GPR	-\$867,400
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Governor/Legislature: Delete \$433,700 annually from the sum-certain transfer from the state general fund to the nonpoint account of the segregated environmental fund. The transfer is budgeted at \$11,577,300 annually in 2011-13, and would be \$11,143,600 annually in 2013-15

under the bill. The nonpoint account supports a number of nonpoint source water pollution abatement programs, including: (a) paying debt service on general obligation bonds used to provide grants to municipalities and landowners; (b) grants for county staffing and rural and urban best practices implementation; and (c) program staff in the Departments of Natural Resources and Agriculture, Trade and Consumer Protection.

The nonpoint account also receives a portion of the state tipping fee of \$13 per ton on most solid waste, other than high-volume industrial waste, disposed of at landfills in the state.

9. TRANSFERS TO THE CONSERVATION FUND [LFB Paper 463]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$200	\$0	-\$200
SEG	<u>-918,600</u>	<u>672,900</u>	<u>-245,700</u>
Total	-\$918,800	\$672,900	-\$245,900

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

	<u>2013-14</u>			<u>2014-15</u>		
	<u>Base</u>	<u>Change</u>	<u>Total</u>	<u>Base</u>	<u>Change</u>	<u>Total</u>
Snowmobile Transfer	\$5,104,700	-\$626,600	\$4,478,100	\$5,104,700	-\$322,600	\$4,782,100
ATV Transfer	1,892,600	-63,700	1,828,900	1,892,600	-77,400	1,815,200
UTV Transfer	0	64,100	64,100	0	64,100	64,100
Water Resources Transfer	<u>13,086,200</u>	<u>-4,700</u>	<u>13,081,500</u>	<u>13,086,200</u>	<u>48,200</u>	<u>13,134,400</u>
Total	\$20,083,500	-\$630,900	\$19,452,600	\$20,083,500	-\$287,700	\$19,795,800

In addition, reestimate the reimbursement to the conservation fund for debt service on certain land acquisitions by -\$100 GPR annually (to \$16,500).

Joint Finance/Legislature: Delete a total of \$288,100 SEG for the following changes to the recreational vehicle fuel tax transfers to reflect more recent registration data.

	<u>2013-14</u>	<u>2014-15</u>
Water Resources		
Bill	\$13,081,500	\$13,134,400
Change to Bill	<u>0</u>	<u>-156,400</u>
Total Reestimate	\$13,081,500	\$12,978,000
Snowmobile		
Bill	\$4,478,100	\$4,782,100
Change to Bill	<u>-94,000</u>	<u>-196,500</u>
Total Reestimate	\$4,384,100	\$4,585,600
ATV		
Bill	\$1,828,900	\$1,815,200
Change to Bill	<u>63,800</u>	<u>92,900</u>
Total Reestimate	\$1,892,700	\$1,908,100
UTV		
Bill	\$64,100	\$64,100
Change to Bill	<u>500</u>	<u>1,600</u>
Total Reestimate	\$64,600	\$65,700
Change to Bill	-\$29,700	-\$258,400

In addition, beginning with the fiscal year 2013-14 transfer, modify the formula for calculation of the annual transfer of fuel tax revenues from the transportation fund to the snowmobile account of the conservation fund to include a multiplier of 1.55, rather than the current multiplier of 1.4. Provide \$469,700 SEG in 2013-14 and \$491,300 SEG in 2014-15 to reflect the reestimated transfers for the 2013-15 biennium.

[Act 20 Sections: 515k thru 515n, and 2175r]

10. TRANSFER PETROLEUM INSPECTION FUND SUPPLEMENT FROM DNR [LFB Paper 480] SEG \$3,409,600

Governor: Provide \$1,704,800 annually in two petroleum inspection fund supplemental appropriations to provide revenue to the segregated environmental management account. Currently, two DNR appropriations from the petroleum inspection fund are used to transfer \$1,704,800 to the environmental management account balance to provide revenue to the account. The provision would decrease DNR appropriation levels by \$1,704,800 annually, and remove a double-counting of appropriations under DNR, but would have a net zero effect on state appropriations. Under the request, the petroleum inspection fund would continue to transfer the same amount of revenue to the environmental management account. See "Natural Resources -- Environmental Quality" for the corresponding appropriation decrease.

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, combine the two appropriations into one appropriation.

[Act 20 Sections: 284b, 286b, 519, and 520]

11. RAIL PROPERTY TERMINAL TAX DISTRIBUTION REESTIMATE

SEG	\$275,000
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Governor/Legislature: Increase funding by \$145,000 in 2013-14 and \$130,000 in 2014-15 to reflect a reestimate of payments made to local governments under the railroad terminal tax distribution program. Railroad terminal tax payments, which are made from a sum sufficient appropriation from the transportation fund, are equal to the greater of: (a) the amount of railroad ad valorem taxes paid to the state by railroad companies for repair facilities, docks, ore yards, piers, wharves, grain elevators, and their approaches, or car ferries, that are apportionable to the town, village, or city in which those facilities are located in the tax year for which the payments are made; or (b) the amount received by the town, city, or village under the program in 2010. With this reestimate, total payments would be \$1,921,000 in 2013-14 and \$1,906,000 in 2014-15.

12. TRANSFER TO TRANSPORTATION DISASTER AIDS PROGRAM [LFB Paper 641]

GPR	\$9,000,000
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Joint Finance/Legislature: Establish a sum sufficient appropriation from the general fund to fund a transfer to the transportation fund in the second year of each biennium equal to the amount of disaster aid payments made in that biennium in excess of \$1 million for any single disaster event. Estimate the transfer at \$9,000,000 GPR in 2014-15, which would increase estimated transportation fund revenue in 2014-15 by the same amount.

[Act 20 Sections: 466m, 518m, 1587, 1587m, and 9345(3)]

Other Miscellaneous Appropriation Changes

The description and fiscal effect of miscellaneous appropriation changes relating to Illinois-Wisconsin income tax reciprocity are summarized under "General Fund Taxes."

NATURAL RESOURCES

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$256,920,400	\$274,908,700	\$279,123,300	\$279,123,300	\$279,123,300	\$22,202,900	8.6%
FED	159,654,200	163,119,900	162,555,300	162,555,300	162,555,300	2,901,100	1.8
PR	73,837,400	72,855,400	70,587,200	70,587,200	70,587,200	- 3,250,200	- 4.4
SEG	<u>632,942,000</u>	<u>633,384,300</u>	<u>639,619,200</u>	<u>639,619,200</u>	<u>639,619,200</u>	<u>6,677,200</u>	1.1
TOTAL	\$1,123,354,000	\$1,144,268,300	\$1,151,885,000	\$1,151,885,000	\$1,151,885,000	\$28,531,000	2.5%
BR		\$21,000,000	- \$42,500,000	- \$42,500,000	- \$42,500,000		

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	291.10	285.00	277.20	277.20	277.20	- 13.90
FED	493.69	491.39	478.09	478.09	478.09	- 15.60
PR	260.14	258.14	246.14	246.14	246.14	- 14.00
SEG	<u>1,614.01</u>	<u>1,635.81</u>	<u>1,623.11</u>	<u>1,623.11</u>	<u>1,623.11</u>	<u>9.10</u>
TOTAL	2,658.94	2,670.34	2,624.54	2,624.54	2,624.54	- 34.40

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 445]

	Governor <u>(Chg. to Base)</u>		Jt. Finance/Leg. <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$1,884,300	0.00	\$0	0.00	-\$1,884,300	0.00
FED	217,500	- 12.50	0	0.00	217,500	- 12.50
PR	- 904,600	- 3.00	77,400	0.00	- 827,200	- 3.00
SEG	<u>- 10,906,600</u>	<u>0.00</u>	<u>- 148,200</u>	<u>0.00</u>	<u>- 11,054,800</u>	<u>0.00</u>
Total	-\$13,478,000	- 15.50	-\$70,800	0.00	-\$13,548,800	- 15.50

Governor: Provide adjustments to the base budget totaling -\$6,384,600 in 2013-14 and \$7,093,400 in 2014-15 with the deletion of 15.5 project positions as follows: (a) -\$3,178,300

annually for turnover reduction (-\$304,500 GPR, -\$564,900 FED, -\$122,200 PR, and -\$2,186,700 SEG); (b) -\$671,700 in 2013-14 (-\$90,200 PR and -\$581,500 SEG) with a reduction of 3.0 positions and, -\$1,532,100 in 2014-15 (-\$150,000 GPR; -\$645,800 FED, -\$154,800 PR, and -\$581,500 SEG) with a reduction of 3.0 PR project positions beginning in 2013-14 and an additional 12.5 FED positions in 2014-15 for removal of non-continuing elements from the base; (c) -\$5,849,100 annually (-\$592,300 GPR, \$957,100 FED, -\$215,600 PR, and -\$5,998,300 SEG) for full funding of continuing position salaries and fringe benefits; (d) \$3,194,500 annually (\$8,000 PR and \$3,186,500 SEG) for overtime; and (e) \$120,000 in 2013-14 (\$18,100 GPR, \$24,200 FED, and \$77,700 SEG) and \$271,600 in 2014-15 (\$41,200 GPR, \$54,700 FED, and \$175,700 SEG) for full funding of lease and directed moves.

Joint Finance/Legislature: Delete an additional \$74,100 snowmobile account SEG and restore \$38,700 air permits PR each year related to full funding of salaries and fringe benefits. (The SEG amounts were included, and the PR was deleted twice, in error.)

2. GPR BASE REDUCTIONS

Governor/Legislature: Delete \$2,201,400 GPR annually and 6.1 positions as shown below.

	Funding	Positions
GPR	-\$4,402,800	- 6.10
SEG	<u>- 98,600</u>	<u>0.00</u>
Total	-\$4,501,400	- 6.10

<u>Appropriation</u>	<u>Annual GPR Reduction</u>	<u>Positions</u>
Land Division		
Parks Operations	-\$172,200	
Endangered resources natural heritage inventory program	-9,600	
Division operations	-5,200	
Air and Waste Division		
Division operations	-38,500	-0.25
Air management- motor vehicle emission inspection and maintenance	-22,400	-0.25
Enforcement and Science Division		
Car killed deer removal- general fund	-49,300	
Division operations	-60,300	-0.60
Water Division		
Division operations	-472,100	-5.00
Water resources - remedial action	-70,400	
Environmental Aids		
Nonpoint source grants	-509,100	
Local water quality planning grants	-31,000	
Debt Service and Development		
State park, forest, and riverway roads	-658,100	
Administration and Technology		
Division operations	-76,700	
Customer Service and Employee Assistance		
Division operations	<u>-26,500</u>	<u>_____</u>
Total	-\$2,201,400	-6.10

In addition, reduce the SEG appropriation for the car-killed deer removal program by \$49,300 annually. The GPR for this program is matched by an equal amount of fish and wildlife account SEG. Car-killed deer contracts would be funded at \$701,400 annually (2011-12 costs were \$682,300).

3. DELETE POSITIONS

Joint Finance/Legislature: Delete 32.1 positions as follows:

	<u>Positions</u>
GPR	-7.8
FED	-9.1
PR	-4.0
SEG	<u>-11.2</u>
Total	-32.1

	Positions
GPR	- 7.80
FED	- 9.10
PR	- 4.00
SEG	<u>- 11.20</u>
Total	- 32.10

In addition, require the Department of Administration to provide a report to the Joint Committee on Finance for the Committee's review and approval under a 14-day passive review process identifying the deleted positions by funding source and appropriation. Require that the report be submitted by January 1, 2014. [During pay period 4 (February 9, 2013), DNR had a total of 32.1 full-time equivalent positions vacant for a period of 12 months or more.]

Veto by Governor [D-33]: Delete the requirement that the report be submitted by January 1, 2014 through a passive review process. Under the Act, DOA is required to report to the Joint Committee on Finance the funding source for, and the appropriation to be decreased with regard to, each of the FTE positions to be eliminated in DNR. However, the bill would specify that the positions be eliminated from the identified appropriations without any action required by Joint Finance. In his veto message, the Governor directs DOA to include the report on this 32.1 DNR position deletion along with a separate requirement to identify 450 state agency positions for deletion.

[Act 20 Section: 9101(3u)]

[Act 20 Vetoed Section: 9101(3u)]

4. TRANSFERS WITHIN APPROPRIATIONS

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

Transfer Watershed Management to Water Quality

	<u>Amount</u>	<u>Fund</u>	<u>FTE</u>
Water Program Operations			
Clean Water Fund	\$744,500	FED	7.00
Nonpoint Source	87,100	SEG	1.00
Environmental Improvement Fund	706,200	SEG	6.00
Conservation Fund	1,134,800	SEG	10.00
Environmental Fund	108,600	SEG	1.25
Federal	8,486,600	FED	74.12
Private and Public Sources	175,200	PR	1.00
Lake, River, and Invasive Species Management (Conservation Fund)	2,194,400	SEG	11.00
Wastewater Management Fees	86,200	PR	1.00
Water Resources- Ballast Water Discharge Permits	305,300	PR	3.00
Water Resources- Great Lakes Protection Fund	214,900	PR	
Water Resources- Remedial Action	50,000	GPR	
Wisconsin River Monitoring and Study	150,000	GPR	
Water Program Operations - State Funds	<u>5,826,100</u>	GPR	<u>57.25</u>
Total Transferred	\$20,269,900		172.62

Other Transfers

	<u>Amount</u>	<u>Fund</u>	<u>FTE</u>	<u>Transfer From</u>	<u>Transfer To</u>
Water Operations - State Funds	\$173,000	GPR	2.00	Watershed Management	Water Management
<i>Wolf Management Realignment</i>					
Land Operations - Federal Funds	214,600	FED	1.00	Endangered Resources	Wildlife Management
<i>Cooperative Environmental Assistance Transfers</i>					
Solid Waste Management	99,100	PR	1.00	Cooperative Environ. Assistance	Waste Management
Air and Waste Operations	92,000	GPR	1.00	Waste Management	Cooperative Environ. Assistance
<i>Administration and CAES Reallocations</i>					
Administration Ops-Conservation Fund	83,500	SEG	1.00	Management and Budget	Administration
CAES Program Operations	34,600	GPR	0.75	Customer Assistance & Licensing	CAES Management
Indirect Cost Reimbursements	9,100	FED	0.15	Communication & Education	CAES Management
Total Transferred	<u>\$705,900</u>		<u>6.90</u>		

Transfer Watershed Management to Water Quality. Transfer \$20.3 million and almost 173 positions from the Bureau of Watershed Management to the Bureau of Water Quality. The Bureau of Water Quality (water quality subprogram) has been implemented programmatically, but this action would also establish it as a budgetary subprogram. The Bureau of Water Quality manages activities and land uses that affect water quality and public health and safety. The primary objective is to provide an integrated watershed approach to managing these activities that includes policy development, watershed planning and regulation, habitat protection, and water quality assessment including implementing the Clean Water Act; carrying out integrated basin planning, including monitoring and assessment of Wisconsin's surface waters, and area-wide water quality planning; preventing and regulating water pollution from industries and

municipal sewage treatment facilities; and providing special technical assistance to district field staff, among others. The Bureau of Watershed Management would retain approximately \$15.6 million and 142 staff annually under the bill.

Transfer Watershed Management to Water Management. Transfer \$173,000 GPR and 1.0 information systems (IS) business automation, and 1.0 natural resources program specialist from Watershed Management leaders to Water Management. One position will serve as a water program-wide web coordinator and the other as a policy advisor/analyst.

Wolf Management Re-alignment. Transfer \$214,600 FED and 1.0 conservation biologist-advanced from Endangered Resources to Wildlife Management to reflect the current management of wolves by wildlife management. Wisconsin delisted the gray wolf in 2004, and as of January 27, 2012, the gray wolf is no longer a federally endangered species in Wisconsin and other parts of the western Great Lakes region.

Cooperative Environmental Assistance Transfers. Transfer 1.0 environmental assistance coordinator from Cooperative Environmental Assistance (CEA) to Waste Management. The bill would transfer all existing positions and funding under CEA to other areas, primarily the Office of Business Support and Sustainability in the Customer Assistance and Employee Services (CAES) Division . Transfer 1.0 hydrogeologist-advanced from Waste Management to CEA (this position is transferred to the Office of Business Support & Sustainability under the *Transfers Between Appropriations* entry below).

Administration and Customer Assistance and Employee Services Reallocations. Transfer 1.0 executive staff assistant from Management and Budget to Administration to conduct work in the Secretary's office. In addition transfer 0.15 program assistant-advanced and 0.75 office associate from Communication and Education to CAES Program Management to reflect a re-allocation of workloads.

5. TRANSFERS BETWEEN APPROPRIATIONS

Governor/Legislature: Transfer \$4.6 million and 48.95 positions annually between DNR appropriations as follows:

***Transfer Cooperative Environmental Assistance to
Office of Business Support and Sustainability***

	<u>Amount</u>	<u>Fund</u>	<u>FTE</u>
Natural Resources Manager	\$162,800	GPR	1.00
Hydrogeologist - Advanced	92,000	GPR	1.00
Environmental Assistance Coordinators	190,800	PR	1.90
Environmental Assistance Coordinators	347,300	SEG	4.00
Natural Resources Program Specialist	<u>40,100</u>	PR	<u>0.60</u>
Subtotal	\$833,000		8.50

***Transfer Office of Energy and Environmental Analysis From Science Services to
Office of Business Support and Sustainability***

	<u>Amount</u>	<u>Fund</u>	<u>FTE</u>
Natural Resources Program Coordinator	\$93,700	GPR	1.00
Natural Resources Manager	134,700	PR	1.00
Natural Resources Region Program Managers	395,700	GPR	4.00
Environmental Analysis and Review Specialists	745,000	GPR	10.00
Environmental Analysis and Review Specialists	648,100	PR	8.00
Environmental Analysis and Review Specialists	125,000	SEG	1.50
Water Regulation and Zoning Specialists	241,500	PR	3.00
Water Resources Engineer	45,400	PR	0.50
Attorney	36,100	PR	0.50
Supplies	78,000	GPR	0.00
Supplies	256,300	PR	0.00
Supplies	<u>10,000</u>	SEG	<u>0.00</u>
Subtotal	\$2,809,500		29.50

	<u>Amount</u>	<u>Fund</u>	<u>FTE</u>	<u>Transfer From</u>	<u>Transfer To</u>
Facilities Operations Managers Reallocations					
Natural Resources Program Specialist	\$73,500	SEG	1.00	Law Enforcement	Facilities & Lands
Customer Services Representative	50,000	SEG	1.00	Law Enforcement	Facilities & Lands
Natural Resources Program Specialist	88,500	SEG	1.00	Law Enforcement	Facilities & Lands
Forestry Technician	22,600	SEG	0.50	Forestry	Facilities & Lands
Accountant-Senior	33,600	SEG	0.50	Administration	Facilities & Lands
Waste Management Specialist-Senior	38,200	GPR	0.50	Waste & Materials Management	Law Enforcement
Supplies	55,700	GPR		Parks & Recreation	Law Enforcement
Supplies	17,000	GPR		Watershed Management	Law Enforcement
Supplies	9,600	SEG		Drinking Water & Groundwater	Law Enforcement
Supplies	17,700	GPR		Water Quality	Law Enforcement
Supplies	1,500	GPR		Water Program Management	Law Enforcement
Aids to Individuals	<u>28,100</u>	GPR		Fisheries Management	Law Enforcement
Subtotal	\$436,000		<u>4.50</u>		

Administration and Customer Service and Employee Services (CAES) Reallocations

Natural Resources Program Manager	\$86,100	SEG	1.00	Human Resources	Communication & Educ.
Information Systems (IS)					
Development Services-Senior	39,300	SEG	0.50	Technology Services	Communication & Educ.
IS Development Services-Senior	39,300	FED	0.50	Technology Services	Communication & Educ.
Program Assistant	53,400	SEG	1.00	Customer Service & Licensing	Administration
Financial Specialist	12,000	SEG	0.25	Communication & Education	Finance
IS Business Automation-Senior	43,000	FED	0.50	Customer Service & Licensing	Finance
IS Business Automation-Senior	43,000	SEG	0.50	Customer Service & Licensing	Finance
IS System Development Services-Senior	75,700	SEG	1.00	Customer Service & Licensing	Finance
IS Comprehensive Support Tech-Senior	10,200	SEG	0.15	Communication & Educ.	Technology Services
IS Comprehensive Support Tech-Senior	<u>3,400</u>	FED	<u>0.05</u>	Communication & Educ.	Technology Services
Subtotal	\$405,400		5.45		

Conservation Biologist Transfer

Conservation Biologist - Advanced	\$84,300	PR	1.00	Science Services	Endangered Resources
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Total Transferred	\$4,568,200		48.95		
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Cooperative Environmental Assistance (CEA) Transfers. Transfer 1.0 natural resources manager, 1.0 hydrogeologist, 5.9 environmental assistance coordinators, and 0.6 natural resources program specialist from the CEA program in the Air and Waste Division to the Office of Business Support and Sustainability in the Customer Assistance and Employee Services (CAES) Division. The Office of Business Support and Sustainability has been implemented programmatically, but this action would establish the office as a budgetary subprogram. All funding for CEA would be eliminated under the bill, with most CEA staff housed in the Office of Business Support and Sustainability under the CAES Division . According to the Department, the Office of Business Support and Sustainability's mission is to provide a single point of contact to businesses and governmental agencies that enhances their ability to meet and exceed environmental and economic objectives. CEA staff provide guidance and information to businesses affected by environmental regulations. Staff provide pollution prevention, regulatory assistance, and industry recognition to Wisconsin business across a variety of business sectors.

Office of Energy and Environmental Analysis (OEEA) Transfers. Transfer 19.5 environmental analysis and review specialists, 3.0 water regulation and zoning specialists, 4.0 natural resources region program managers, 1.0 natural resources program coordinator, 1.0 natural resources manager, 0.5 water resources engineer, 0.5 attorney and \$344,300 in supplies funding from the OEEA in the Bureau of Science Services in the Enforcement and Science Division to the Office of Business Support and Sustainability in the CAES Division. DNR indicates that housing the OEEA in the Office of Business Support and Sustainability better aligns and positions the Department-wide functions carried out by the OEEA. The OEEA is responsible for coordinating the review of all proposed energy and utility projects in Wisconsin. Staff provide project management and serve as a point of contact for project applicants, the Public Service Commission (PSC), other DNR programs, and affected stakeholders.

Facilities Operations Managers Reallocations. Reallocate the following position authority from vacant positions to provide 4.5 regional facilities operations managers positions: 1.0 natural resources program specialist; 1.0 natural resources customer services representative; 1.0 natural resources program specialist; 0.5 forestry technician; 0.5 accountant; and 0.5 waste management specialist. Further reallocate \$56,900 in supplies and other funding for the new positions. Reductions in staffing levels at various facilities have resulted in a lack of coordination of operations management. The facilities operations managers would be responsible for routine operations management and oversee maintenance at regional Department facilities throughout the state.

Administration and Customer Service and Employee Services Reallocations. Reallocate 1.0 natural resources manager position from Human Resources and 1.0 information systems (IS) development services position from Technology Services to Communication and Education for website services. Transfer 0.25 financial specialist from Communication and Education to Finance and 0.2 IS comprehensive support technical position from Communication and Education to Technology Services to reflect current workload assignments. In addition, transfer 1.0 program assistant from Customer Service and Licensing to Administration to conduct work in the Secretary's office and transfer 1.0 business automation and 1.0 IS systems development services position from Customer Service and Licensing to Finance.

Conservation Biologist Transfer. Transfer 1.0 conservation biologist from Science Services to Endangered Resources. The position in OEEA would continue to serve as a liaison to the Public Service Commission (PSC), primarily related to endangered resources review of PSC projects.

6. FEDERAL AND PROGRAM REVENUE APPROPRIATION REESTIMATES

FED	\$29,800
PR	- 169,000
Total	- \$139,200

Governor/Legislature: Provide \$14,900 FED annually for reestimates of federal appropriations to reflect anticipated federal funding. Delete \$84,500 PR annually to reestimate the amount of air management program revenues received from other agencies.

<u>Appropriation</u>	<u>Annual</u>
Environmental Quality- Cooperative Environmental Assistance	-\$272,400
Environmental Aids- Clean Water Act Nonpoint Grants	800,000
Indirect Cost Reimbursements - Human Resources	-512,700
Subtotal FED	\$14,900
Air Management-PR From Other Agencies	-\$84,500
Total	-\$69,600

The reestimates also include a reduction of \$91,600 annually in permanent position salary and a corresponding increase in project position salary in a federal wildlife management appropriation to provide funding from the correct source for two endangered resources project positions.

7. EQUIPMENT POOL APPROPRIATION CHANGES [LFB Paper 446]

Governor: Retitle the Department's "Equipment pool operations" continuing appropriation under s. 20.370(8)(mt) of the statutes as "Equipment and services". In addition, add all moneys received from the sale "or lease" of equipment and "supplies" "or from related services" to "local units of government, other states, and non-profit organizations" to the appropriation to be used for, in addition to the current law uses, the operation, maintenance, replacement, and purchase of "supplies".

Under current law, all moneys received by DNR from the Department or other state agencies from car, truck, airplane, heavy equipment, information technology or radio pools are deposited in the appropriation under s. 20.370(8)(mt) for operation, maintenance, replacement and purchase of vehicles, equipment, radio services, and information technology. The bill would add moneys received from leases of this equipment, and add supplies to the list of eligible items to be sold or leased. In addition, the bill would add moneys received from sales and leases to local units of government and to non-profit organizations to the moneys deposited in the

appropriation. Under current law, moneys received from local units of government or any other private or public source (other than state agencies and the federal government) for facilities, materials or services provided by the Department are deposited in a program revenue appropriation under s. 20.370(1)(mi) of the statutes to pay for expenses associated with those facilities, materials, or services. Moneys received by the Department from the Department and from other state agencies for facilities, materials, or services facilities, materials or services provided by the Department relating to resource management under an agreement or other arrangement with the Department or other state agencies are deposited in a program revenue appropriation under s. 20.370(1)(mk) of the statutes to pay for expenses associated with those facilities, materials or services.

The equipment pool operations appropriation is made up primarily of the Department's fleet operations. DNR maintains a fleet account for the purchase, use, and maintenance of cars, trucks, radios, and heavy equipment utilized by the agency. While the statutory Chapter 20 schedule of appropriations reflects \$0 for this appropriation, it is intended as a revolving fund to support fleet operations. Fleet costs including vehicle, heavy equipment, and radio purchases, fuel, oil, repairs, insurance, and administrative costs are charged to this appropriation, and then recovered through chargebacks to programs. When DNR staff use a fleet vehicle, their program (such as law enforcement, wildlife management, or forestry) is charged a fleet usage rate intended to recover the equipment-related costs over the life of the item, which they pay on a monthly or per-mile basis. The DNR appropriation had 2011-12 revenues of \$10.2 million and expenditures of \$9.2 million. The appropriation had a cash balance of negative \$22.9 million on June 30, 2012, primarily associated with the remaining value of fleet assets. Unlike most appropriations, the DNR fleet account (similar to DOA and DOT fleet appropriations) may incur an unsupported cash deficit, but not exceeding the remaining value of fleet assets.

Joint Finance/Legislature: Modify the equipment pool operations appropriation to specify that all moneys received by the Department from the sale of used cars, trucks, heavy equipment, information technology, and fire control vehicle equipment; from the provision of radio communication services; and from fleet usage fees for cars, trucks, heavy equipment, and fire control vehicle equipment be deposited in this appropriation, to be used for DNR's state airplane fleet use costs and for the operation, maintenance, replacement and purchase of radio communication infrastructure, cars, trucks, heavy equipment, information technology, and fire control vehicle equipment.

[Act 20 Section: 289]

8. LAND AND FORESTRY PROGRAM TITLE

Governor/Legislature: Modify the title under s. 20.370(1) of the appropriation statutes to read "Land and Forestry", rather than simply "Land". Further, modify the appropriation under s. 20.370(1)(my) to include "forestry". Currently, appropriation 20.370(1)(my) is utilized for the deposit of all moneys received as federal aid for "land and wildlife management," as authorized by the Governor under s. 16.54 of the statutes for the purposes for which received. The bill would add the word "forestry" primarily to recognize this appropriation program encompassing

both the Division of Land and the Division of Forestry programs.

[Act 20 Sections: 276 and 281]

9. TRANSFER FACILITY DESIGN POSITION TO DOA [LFB Paper 110]

	Governor (Chg. to Base) Positions	Jt. Finance/Leg. (Chg. to Gov) Positions	Net Change Positions
SEG	- 1.00	1.00	0.00

Governor: Transfer facility design responsibilities to the Department of Administration. Reduce position authority by 1.0 annually associated with facility design functions in DNR. Base funding for the transferred position would remain in DNR's budget to pay fees assessed by DOA to agencies for facility design services. However, a technical correction to the state budget system is needed to transfer salary and fringe benefit costs to the supplies and services line to pay the DOA charges on an ongoing basis.

Specify that the incumbent employee would be transferred to DOA, and retain civil service rights and status enjoyed prior to the transfer. If the transferred employee has attained permanent status, the employee would not be required to serve a probationary period.

Transfer all assets and liabilities, tangible personal property, contracts and pending matters, as determined by the Secretary of DOA, related to facilities design from DNR to DOA. [See "Administration -- Transfers."]

Joint Finance/Legislature: Delete provision.

10. LANDS MASTER PLANNING [LFB Paper 447]

	Governor (Chg. to Base) Funding Positions		Jt. Finance/Leg. (Chg. to Gov) Funding Positions		Net Change Funding Positions	
SEG	\$128,100	1.00	-\$128,100	- 1.00	\$0	0.00

Governor: Provide \$55,600 in 2013-14 and \$72,500 in 2014-15 with 1.0 program and policy analyst advanced position in the Bureau of Facilities and Lands to develop master plans for DNR properties primarily administered by the Bureau of Parks and Recreation including state parks, state trails and southern state forests, but also for fishing areas, state natural areas, and state recreational areas. Funding would be supported as follows:

	<u>2013-14</u>	<u>2014-15</u>
Conservation Fund		
Fish and Wildlife Account	\$27,000	\$35,200
Forestry Account	24,700	32,200
Parks Account	<u>3,900</u>	<u>5,100</u>
Total	\$55,600	\$72,500

The Department currently manages approximately 1.6 million acres of land on approximately 1,100 properties. Of these, 313 properties are required to have master plans developed in accordance with the process outlined in chapter NR 44 of the administrative code (certain very small properties such as a fire look-out tower site do not require master plans). Administrative rule NR 44.04(9) specifies that "a master plan establishes the authorized management and development on a property, and only those management and development activities identified in the master plan may be pursued by the Department". The Department is required under administrative rule NR 44.04(12) to review master plans every 15 years and make recommendations to the Natural Resources Board, who then determines whether the plan is to be amended, revised or extended for another 15-year period. DNR staff has completed 34 projects covering plans for 93 properties that are now NR 44-compliant, leaving 220 properties remaining that require NR-44 compliant plans (either new or revised/amended plans). Eight projects are currently underway covering 24 of these properties, leaving 196 properties outstanding which the Department plans to complete through 78 projects. One planner can be expected to lead one to three planning projects, in various stages of development, simultaneously. Active plan development, from the initial public meeting to the production of a final draft plan, typically takes approximately 16 months. Currently, the Bureau of Facilities and Lands has 3.0 program and policy analysts working on master planning for a variety of property types including wildlife areas, fishery areas, parks, and natural areas. In addition to the position authorized in the bill, the Department is currently in the process of filling a vacant position within the Bureau of Facilities and Lands to provide another program and policy analyst master planner who is scheduled to begin in April, 2013 (for a total of 5.0 planners including the one provided under the bill). DNR indicates that master planning is a priority for the Department for a number of reasons including accommodating public use needs, maintaining third party forest certification, managing timber sustainably, and identifying opportunities for increasing revenues, reducing costs, and improving customer service.

Joint Finance/Legislature: Adopt the Governor's recommendation but delete a corresponding \$55,600 SEG in 2013-14 and \$72,500 SEG in 2014-15 and 1.0 vacant conservation fund SEG position in the Bureau of Facilities and Lands. In addition, include a budget system modification that would transfer 2.0 vacant conservation fund SEG positions from the Bureau of Facilities and Lands to the Bureau of Parks and Recreation.

11. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	\$23,248,700
SEG	<u>- 1,534,600</u>
Total	\$21,714,100

Governor/Legislature: Increase funding by \$9,146,600 in 2013-14 (\$10,328,900 GPR and -\$1,182,300 SEG) and \$12,567,500 in 2014-15 (\$12,919,800 GPR and -\$352,300 SEG) to reflect the estimate of debt service costs on state

general obligation bonds and commercial paper issued for administrative facilities, conservation land acquisition and development, dam safety grants, environmental repair, rural and urban non-point source grants, combined sewer overflow, municipal clean drinking water, and pollution abatement grants.

12. AIDS IN LIEU OF TAXES REESTIMATE [LFB Paper 448]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,026,700	- \$636,700	\$390,000

Governor: Provide \$210,700 in 2013-14 and \$816,000 in 2014-15 to reflect estimated aids in lieu of property tax payments. Total payments for aids in lieu of property taxes primarily related to lands acquired since 1992 are estimated at approximately \$13.8 million in 2013-14 and \$14.4 million in 2014-15. This includes \$5,470,000 annually from forestry account SEG, while the remainder is paid from a sum sufficient GPR appropriation.

Since 1992, when DNR acquires land, the Department pays aids in lieu of property taxes on the land to the municipality (city, village, or town) in which the land is located in an amount generally intended to provide an amount similar to the tax that would be due on the property at the time it was purchased, 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. Aids in lieu of property taxes are paid on property beginning for the tax year after it was purchased.

Joint Finance/Legislature: Delete \$210,700 in 2013-14 and \$426,000 in 2014-15 to reflect a more recent estimate for aids in lieu of property taxes (a \$390,000 increase would remain in 2014-15).

13. ADMINISTRATION OF AIDS IN LIEU OF TAXES

Governor: Modify s. 70.114(4) of the statutes to remove the state as a taxing jurisdiction for the purposes of the annual aids in lieu of taxes payments to municipalities. Further, specify that DNR withhold, from the annual aids in lieu of taxes payments, an amount equal to the aids in lieu of taxes payment for the parcel multiplied by the forestry mill tax. The bill would direct the Department to deposit that amount into the forestry account of the conservation fund. In addition, delete "from the clerks of the taxation district" from the requirement that DNR ascertain the aggregate net general property tax rate for taxation districts. The bill specifies that this would first apply to aids in lieu of taxes payments made in 2014.

Since 1992, when DNR acquires land, the Department pays aids in lieu of property taxes on the land to the municipality (city, village, or town) in which the land is located in an amount generally intended to provide an amount similar to the tax that would be due on the property at

the time it was purchased, adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements in the taxation district. Under current law, DNR makes an annual payment to each treasurer of a municipality (town, village, or city) by January 31, and the municipality then pays each taxing jurisdiction (including the county, school district, technical college, and state), a proportionate share of the payment, based on its levy. Under current law, the state is considered a taxing jurisdiction due to the levy of the statewide forestry mill tax. This results in municipalities sending a share of the payment, relating to the forestry mill tax, back to the Department (under current practice DNR does not require municipalities with a state share payment of less than \$5 to send the payment back to the Department). The bill would remove the state as a taxing jurisdiction for the purposes of annual aids in lieu of taxes payments. This would remove the state share from the initial payment so that municipalities would no longer be required to send it back to the Department. Rather, DNR would calculate an amount for each municipality (city, village, or town) equal to the amount of the aids in lieu of taxes payment multiplied by the forestry mill tax and deposit it in the forestry account of the conservation fund. DOA indicates that the intent of this provision was to streamline the transaction, with DNR retaining the state proportionate share payment (forestry mill tax) rather than making the payment as part of the aids in lieu payments to municipalities and having the municipalities then send back the state proportionate share.

The bill would also remove the requirement that DNR ascertain the aggregate net general property tax rate for taxation districts to which aids in lieu of taxes payments are due "from the clerks of the taxation district". Instead, the bill would simply specify that DNR shall ascertain the aggregate net general property tax rate for taxation districts to which aids are paid. Under the bill, DNR could acquire the data from another source, such as the Department of Revenue (DNR indicates that DOR collects this information for use in the annual tax process) in order to ascertain the rates, rather than compiling the data from each municipality.

Joint Finance/Legislature: Make a technical correction to ensure the correct amount is deducted and deposited in the forestry account.

[Act 20 Sections: 1280 thru 1283 and 9332(1)]

14. AIDS IN LIEU OF PROPERTY TAXES FORMULA [LFB Paper 449]

Joint Finance/Legislature: Modify the formula for the calculation of aids in lieu of taxes payments made beginning in 2014 for lands purchased after July 1, 2011, by defining the estimated value of the property, in cases where the property had been tax exempt in the year prior to acquisition or enrolled in the forest cropland or managed forest law program, to be the lower of either: (a) the purchase price, or (b) or a payment of \$10 per acre. In all other cases for land purchased after July 1, 2011, estimated value would continue to mean the lower of the equalized value of the property in the year prior to purchase by the Department or the purchase price (as currently provided in statute). The amount determined under this formula would continue to be adjusted annually to reflect changes in the equalized valuation of all land, excluding improvements, in the taxation district.

[Act 20 Sections: 1279d and 9332(1)]

15. STEWARDSHIP BONDING ALLOCATIONS [LFB Papers 450 and 451]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	- \$700,000	- \$700,000
BR	\$0	- \$63,500,000	- \$63,500,000

Governor: Specify that DNR may obligate not more than \$32,000,000 (\$10.5 million lower than current law) in 2013-14 and in 2014-15 and not more than \$42,500,000 (same as current law) each year from fiscal years 2015-16 through 2019-20 under the land acquisition subprogram of the Warren Knowles-Gaylord Nelson Stewardship Program (reauthorized stewardship 2000 program). In addition, specify that the Department set aside not less than \$9,000,000 in 2013-14 and in 2014-15 and not less than \$12,000,000 each year from fiscal years 2015-16 through 2019-20 from the land acquisition subprogram that may be obligated only to provide for grants awarded to non-profit conservation organizations (NCOs) under s. 23.096 of the statutes. Further, specify that DNR may obligate not more than \$25,500,000 in fiscal year 2013-14 and in 2014-15 and not more than \$15,000,000 each year from fiscal years 2015-16 through 2019-20 under the property development and local assistance program. Also, specify that the Department set aside \$1,000,000 in 2013-14 and in 2014-15 and \$2,000,000 each year from 2015-16 through 2019-20 from the land acquisition subprogram that may be obligated only to acquire land from the Board of Commissioners of Public Lands (BCPL). Specify that moneys may be obligated under the property development and local assistance subprogram for infrastructure improvements to the Kettle Moraine Springs fish hatchery in Sheboygan County (this section does not apply after June 30, 2017) and require DNR to set aside, from the property development and local assistance subprogram, \$7,000,000 in 2013-14 and \$7,000,000 in 2014-15 that may be obligated only for infrastructure improvements to the Kettle Moraine Springs fish hatchery. Further, specify that s. 23.0917(5g), which prohibits the Department from obligating an unobligated amount from the amount appropriated for a subprogram in a given year in subsequent fiscal years, does not apply with respect to amounts obligated before July 1, 2017, for infrastructure improvements to the Kettle Moraine Springs fish hatchery. DNR has identified \$20 to \$30 million in potential needs, including a potential new groundwater supply. The Department's capital development budget request includes \$1,000,000 in Great Lakes trout and salmon stamp funds for a groundwater and engineering study at the Kettle Moraine Springs and Les Voigt hatcheries. If groundwater results are favorable, DNR would pursue plans to design and construct improvements to the Kettle Moraine Springs hatchery recommended in the study including improvements to meet fish stocking goals (fix, replace and expand rearing infrastructure and add support space).

Under the Warren Knowles-Gaylord Nelson Stewardship program, DNR acquires land and provides grants to local units of government and non-profit conservation organizations (NCOs) for land acquisition, easements, and nature-based outdoor recreational property development activities. The state generally issues 20-year tax-exempt general obligation bonds to support the stewardship program. Debt service for stewardship bonding is primarily funded from a sum sufficient general purpose revenue (GPR) appropriation (\$81 million in 2014-15) with a portion

of the funding coming from the forestry account of the conservation fund (\$13.5 million in 2014-15). 2007 Act 20 extended the stewardship program to fiscal year 2019-20 and increased the annual bonding authority from \$60 million to \$86 million beginning in 2010-11. This increased the total general obligation bonding authority of the stewardship program by \$860 million, to \$1,663 million. 2011 Act 32 specified that DNR may not obligate more than \$60 million in each year from fiscal year 2011-12 through 2019-20 under the stewardship program. This reduced total authorized bonds for the program by \$234 million (to \$1,429 million).

Currently, under the land acquisition subprogram, DNR may obligate not more than \$42.5 million each year from fiscal year 2013-14 through 2019-20, and must set aside \$12 million annually for grants to NCOs and set aside \$2 million annually to acquire land from BCPL. Under the bill, DNR may obligate not more than \$32 million and must set aside \$9 million for grants to NCOs and \$1 million to acquire land from the BCPL in 2013-14 and in 2014-15. Beginning in 2015-16, the annual allocations would return to current law levels.

Under current law and the Governor, under the property development and local assistance subprogram, DNR may obligate not less than \$3.5 million for property development and not more than \$8 million for local assistance. Currently, the Department may obligate not more than \$15 million each year under the property development and local assistance subprogram. The Governor would provide up to \$25.5 million in 2013-14 and in 2014-15 under the property development and local assistance program, with \$7 million each year set aside for improvements to the Kettle Moraine Springs fish hatchery, and not more than \$8 million for local assistance grants (leaving a minimum of \$10.5 million for DNR property development, \$3.5 million more than under current law). The Department indicates the additional \$3.5 million in property development in 2013-14 and 2014-15 would be used for development of parking areas, access roads, trails and signage, repair and development of boat access sites, repair of dikes, small dams and water control structures, campsite electrification and construction of camper cabins. From 2015-16 through 2019-20, the annual allocations would return to current law levels.

Current law specifies the purposes for which moneys may be obligated for property development under the property development and local assistance as the following: (a) property development of Department lands; (b) property development on conservation easements adjacent to Department lands; and (c) grants to friends groups and NCOs for property development activities on DNR land. The Governor would add "infrastructure improvements to the Kettle Moraine Springs fish hatchery" to the list of eligible uses of property development moneys, but would specify that this does not apply after June 30, 2017. Further, the Governor would specify that s. 23.0917(5g) of the statutes, which prohibits the Department from obligating an unobligated amount from the allocation for a subprogram in a given year in subsequent fiscal years, does not apply with respect to amounts obligated before July 1, 2017, for infrastructure improvements to the Kettle Moraine Springs fish hatchery. As a result, if less than \$7 million in bonds were obligated from the property development and local assistance subprogram for infrastructure improvements to Kettle Moraine Springs fish hatchery in either fiscal year 2013-14 or in 2014-15, the Department could obligate the unobligated amounts for that purpose through June 30, 2017 (through the end of fiscal year 2016-17). (Prior to 2011 Act 32, if the Department did not obligate the full amount allocated under a stewardship subprogram, DNR was directed to

raise the next year's bonding authority for the program by an amount equal to the unobligated amount. 2011 Act 32 specified that this does not apply after fiscal year 2010-11. As a result, beginning in fiscal year 2011-12, DNR is no longer allowed to carry forward unobligated bonding authority into subsequent fiscal years. DNR reports the June 30, 2012, unobligated balance was \$12.4 million. Therefore, this \$12.4 million in authorized stewardship bonds cannot be utilized).

Joint Finance/Legislature: Reduce stewardship program authorized bonding by \$63,500,000 BR and specify that DNR may not obligate more than \$47,500,000 in fiscal year 2013-14, not more than \$54,500,000 in fiscal year 2014-15 and in fiscal year 2015-16, and not more than \$50,000,000 in each year from 2016-17 through 2019-20 under the Warren Knowles Gaylord Nelson Stewardship Program (reauthorized stewardship 2000 program) as follows:

<u>Subprogram</u>	<u>Joint Finance Allocation</u>		
	<u>2013-14</u>	<u>2014-15 and 2015-16</u>	<u>2016-17 through 2019-20</u>
Land Acquisition			
Department Acquisitions *	\$20,000,000	\$20,000,000	\$23,000,000
Grants to NCOs	12,000,000	12,000,000	12,000,000
BCPL Natural Areas	<u>0</u>	<u>0</u>	<u>1,000,000</u>
Subtotal	\$32,000,000	\$32,000,000	\$36,000,000
Recreational Boating Aids	\$2,500,000	\$2,500,000	\$2,500,000
Property Development and Local Assistance			
DNR Property Development**	\$7,000,000	\$7,000,000	\$5,500,000
Kettle Moraine Springs Fish Hatchery	0	7,000,000	0
Local Assistance Grants	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Subtotal	\$13,000,000	\$20,000,000	\$11,500,000
Total	\$47,500,000	\$54,500,000	\$50,000,000

*Includes grants for county forests and acquisitions for state trails and the Ice Age Trail.

**Includes \$250,000 annually for grants to NCOs and friends groups.

Further, include the Governor's recommendation (as technically corrected) for \$14 million for the Kettle Moraine Springs fish hatchery renovation, except specify that DNR may obligate not more than \$7 million in fiscal year 2014-15 and \$7 million in 2015-16 for the project. As recommended by the Governor, DNR may carry-forward the \$14 million allocation for the hatchery through June 30, 2017. In addition, require DNR to prepare a report that describes the need for renovation of the Kettle Moraine Springs fish hatchery. Specify that the report must include the following: (a) a statement about whether private aquaculture facilities or other entities are able to meet the Department's fish stocking needs in an economically feasible manner; and (b) a description of all proposed expenditures for the renovation of the Kettle Moraine Springs fish hatchery and how these expenditures minimize the requirement to contract state debt. Require DNR to submit the report to the Joint Committee on Finance not later than June 30, 2014. Further, specify that DNR

may not obligate any stewardship bonds for infrastructure improvements at the Kettle Moraine Springs fish hatchery unless the Department submits a request to the Joint Committee on Finance under s. 13.10 of the statutes and the Joint Committee on Finance approves the request. In addition, specify that, if at the end of a given fiscal year, any of the \$12 million allocation for NCOs remains unobligated, DNR may carry-forward the unobligated bonding authority into the following fiscal year to be used only to provide grants in that fiscal year to counties to acquire land to be included in a county forest.

As shown in the table on the following page, the Governor would have provided \$60 million annually in stewardship bonding authority (same as current law), but would have shifted \$10.5 million each year in 2013-14 and 2014-15 from land acquisition to property development purposes, including \$7 million each year for infrastructure improvements to the Kettle Moraine Springs fish hatchery. Joint Finance would reduce stewardship bonding authority to \$47.5 million in 2013-14, \$54.5 million per year in 2014-15 and in 2015-16 and \$50 million annually from fiscal year 2016-17 through 2019-20 (a reduction of \$63.5 million BR over the life of the program).

In fiscal years 2013-14 through 2015-16, no specific amount of bonding authority would be provided for DNR acquisition of Board of Commissioners of Public Lands (BCPL) parcels, with \$1 million provided annually from 2016-17 through 2019-20. The bill would provide \$20 million annually from 2013-14 through 2015-16 for DNR land acquisition, with \$23 million, plus \$1 million for BCPL purchases, annually from 2016-17 through 2019-20. Further, the bill would provide \$12 million annually from the land acquisition subprogram that may be obligated only for grants awarded to non-profit conservation organizations (NCOs) under s. 23.096 of the statutes. However, at the end of each fiscal year, if any of the \$12 million allocated for NCOs remains unobligated, specify that DNR may carry-forward that bonding authority into the following fiscal year to use in that fiscal year only to provide grants to counties to acquire land to be included in a county forest. Local assistance grants would be funded at \$6 million each year and property development would be provided \$7 million each year from 2013-14 through 2015-16, and \$5.5 million annually beginning in fiscal year 2016-17.

The \$63.5 million reduction in bonding authority would be expected to reduce debt service payments by \$600,000 in 2014-15 and by perhaps \$98 million over the life of the program. Further, aids in lieu of property taxes payments would be expected to be reduced by \$100,000 in 2014-15.

[Act 20 Sections: 478u, 500m, 500p, 501m, 506 thru 509t, 510, 511, 513, 514, and 9132(4c)]

Stewardship Bonding Allocations

<u>Subprogram</u>	<u>Prior Law</u>		<u>Governor</u>			<u>Jt. Finance/Legislature</u>		
	<u>2012-13</u>	2013-14 through <u>2019-20</u>	<u>2013-14</u>	<u>2014-15</u>	2015-16 through <u>2019-20</u>	<u>2013-14</u>	2014-15 and <u>2015-16</u>	2016-17 through <u>2019-20</u>
Land Acquisition								
Department Acquisitions *	\$22,500,000	\$28,500,000	\$22,000,000	\$22,000,000	\$28,500,000	\$20,000,000	\$20,000,000	\$23,000,000
Grants to NCOs	12,000,000	12,000,000	9,000,000	9,000,000	12,000,000	12,000,000	12,000,000	12,000,000
BCPL Natural Areas	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>1,000,000</u>
Subtotal	\$36,500,000	\$42,500,000	\$32,000,000	\$32,000,000	\$42,500,000	\$32,000,000	\$32,000,000	\$36,000,000
Recreational Boating Aids	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Property Development and Local Assistance								
DNR Property Development**	\$13,000,000	\$7,000,000	\$10,500,000	\$10,500,000	\$7,000,000	\$7,000,000	\$7,000,000	\$5,500,000
Kettle Moraine Springs Fish Hatchery	0	0	7,000,000	7,000,000	0	0	7,000,000	0
Local Assistance Grants	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Subtotal	\$21,000,000	\$15,000,000	\$25,500,000	\$25,500,000	\$15,000,000	\$13,000,000	\$20,000,000	\$11,500,000
Total	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000	\$47,500,000	\$54,500,000	\$50,000,000

* Includes grants for county forests and acquisitions for state trails and the Ice Age Trail.

** Includes \$250,000 annually for grants to NCOs and friends groups.

16. STEWARDSHIP ACQUISITION LIMITS AND PROJECT BOUNDARIES

Joint Finance/Legislature: Specify that DNR may obligate not more than one-third of stewardship bonding authority allocated in a year for Department acquisitions (\$20 or \$23 million in a given year) for DNR purchase of land in fee simple (at least two-thirds of allocated bonding authority would be used for county forest grants or DNR acquisitions of easements). In addition, specify that DNR may not acquire any land, with stewardship program funds, outside the boundaries of projects established on or before May 1, 2013. However, allow DNR to obtain approval by an affirmative vote of twelve members of the Joint Committee on Finance to create a new project or to expand existing project boundaries beyond the May 1, 2013, boundaries. Specify that DNR may not acquire land if the number of acres held by the Department in fee simple exceeds 1.9 million acres, unless the Joint Committee on Finance approves the proposed acquisition under a 14-day passive review process.

2007 Act 20 created a program under the DNR land acquisition subprogram to provide grants of up to 50% to counties to acquire certain lands including those for a county forest. Fee simple acquisition involves outright purchase of land by the state, allowing for complete DNR management of the parcel. A conservation easement is a perpetual agreement whereby the state purchases specified property rights (such as development restrictions, public access, or sustainable forestry requirements) but the seller retains ownership of the land.

[Act 20 Sections: 509u thru 509y]

17. STEWARDSHIP BEARSKIN STATE TRAIL DEVELOPMENT

Joint Finance/Legislature: Direct DNR to provide the amount of funds necessary, but not to exceed \$200,000, for the costs of a project to surface a 6.9 mile trail corridor that will extend the Bearskin State Trail so that it connects with the Hiawatha Trail, in Lincoln County. Specify that DNR utilize \$54,200 in federal funds for the project, with the remainder funded from the stewardship program. [The Bearskin State Trail, named for Bearskin Creek that the trail follows, is currently an 18-mile trail located on a former railroad corridor, which extends south from Minocqua to a junction at Oneida County Highway K and U.S. Highway 51. The Hiawatha Trail is a six-mile county trail which currently extends south from Heafford Junction to Tomahawk, in Lincoln County.]

Veto by Governor [K-54]: Delete provision. However, in his veto message the Governor directs DNR to complete the project in the 2013-15 biennium using existing resources.

[Act 20 Vetoed Section: 509zm]

18. STEWARDSHIP FUNDING FOR SNOWMOBILE, ATV, AND UTV TRAIL DEVELOPMENT PROJECTS

Joint Finance/Legislature: Specify that stewardship property development subprogram

funds may be used for aids to the state, counties, villages or towns for the following snowmobile, all-terrain vehicle (ATV), and utility terrain vehicle (UTV) trail aid projects: (1) snowmobile trail project costs including: (a) development of trails, (b) the cooperative snowmobile sign program, (c) major reconstruction or rehabilitation to improve bridges on existing approved trails, (d) trail rehabilitation, (e) signing of snowmobile routes and state snowmobile trails and areas; and (2) ATV and UTV projects including: (a) acquisitions of easements and land; (b) development of facilities, routes, and trails, (c) development of a snowmobile route or trail or an off-the road motorcycle trail or facility if the route, trail or facility is open for use by ATVs; (d) improvement of ATV trails for use by UTVs; and (e) placement of signs briefly explaining the law related to intoxicated operation of ATVs and UTVs. Specify that a DNR grant may not exceed 80% of eligible project costs (20% local match).

[Act 20 Sections: 506m, 514g thru 514r, and 2175m thru 2175p]

19. SALE OF DNR LANDS

Joint Finance/Legislature: Require the Natural Resources Board to do the following: (a) on or before June 30, 2017, offer for sale at least 10,000 acres of DNR property located outside the project boundaries established as of May 1, 2013; and (b) sell at least 250 acres of productive agricultural land annually through 2019-20 and specify that the land must remain in use as productive agricultural land in perpetuity.

Specify that the net proceeds of sales be used for the following, as applicable: (a) to repay any outstanding public debt used to finance the acquisition or improvement of the property, including providing a sufficient amount for the costs of maintaining federal tax law compliance applicable to any such debt; (b) to pay the federal government any of the net proceeds required by federal law (if the property was acquired or improved with federal financial assistance); and (c) if the property was acquired by gift or grant or acquired with gift or grant funds, to adhere to any restriction governing use of the proceeds. Specify that after meeting any of the aforementioned requirements that apply, any remaining net proceeds be used to pay principal on outstanding public debt issued under the stewardship program.

Veto by Governor [D-32]: Delete the provision requiring the annual sale of 250 acres of productive agriculture land. In his veto message, the Governor directs DNR to include productive agricultural lands as part of the provision to offer 10,000 acres for sale outside of project boundaries.

[Act 20 Sections: 287m, 478, 509z, and 509zg]

[Act 20 Vetoed Section: 509z]

20. DNR ROAD ACCESS AND ROAD DESIGNATION

Joint Finance/Legislature: Direct DNR to inventory and map all roads on DNR-owned property. Each map would designate which roads are open to the public for the use of motorized

vehicles and state when each road is open or closed for such use. In addition, specify that DNR work in cooperation with the public, governmental units, and other interested parties to evaluate roads using ecological, economic and social criteria to develop a motorized vehicle access plan and an implementation plan for the access plan for each DNR-owned property. Require that the plan establish criteria for determining when the use of motorized access may be restricted or temporarily prohibited by the Department, including when the land is actively being logged. Further, modify s. 23.115 of the statutes, to specify that, in addition to the Department's current ability to designate trails, campgrounds, and special use areas for property under its control, the Department may also designate roads. Specify that these roads be shown on maps available at the Department's district office, on a sign outside the office on the property or on signs placed by the designated roads at the option of the Department (as is currently specified for trails, campgrounds, and special use areas) and that the requirement that the Department must inspect "designated features" twice a year would not apply to roads. Further, modify s. 895.52(1)(g) of the statutes (recreational land use immunity) to specify that recreational activity includes "operating a vehicle [as defined under s. 340.01(74)] on roads designated under s. 23.115".

Currently under s. 23.115 of the statutes, DNR must designate trails, campgrounds, picnic areas, and other special use areas for property under its control. The bill would add "roads" to the list of designated features, but specify that the requirement that DNR inspect designated features twice a year does not apply to roads. Under s. 895.51(1)(g) recreational activity means "any outdoor activity undertaken for the purpose of exercise, relaxation or pleasure, including practice or instruction in any such activity." The bill would add operating certain vehicles on roads designated under s. 23.115 of the statutes to the list of recreational activities where landowner liability is limited. This provision currently includes hunting, fishing, trapping, camping, picnicking, exploring caves, nature study, bicycling, horseback riding, bird-watching, motorcycling, operating an all-terrain vehicle or utility terrain vehicle, ballooning, hang gliding, hiking, tobogganing, sledding, sleigh riding, snowmobiling, skiing, skating, water sports, sight-seeing, rock-climbing, cutting or removing wood, climbing observation towers, animal training, harvesting the products of nature, sport shooting and any other outdoor sport, game or educational activity. Under s. 340.01(74) of the statutes a vehicle means every device in, upon, or by which any person or property is or may be transported or drawn upon a highway, except railroad trains (a snowmobile, an all-terrain vehicle, and an electric personal assistive mobility device are not considered a vehicle except for purposes made specifically applicable by statute).

[Act 20 Sections: 509ye thru 509ys, and 2318m]

Fish, Wildlife, and Recreation

1. FISH HATCHERY OPERATIONS [LFB Paper 455]

SEG	\$220,700
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Governor/Legislature: Provide \$85,500 in 2013-14 and \$135,200 in 2014-15 from the

fish and wildlife account for fish hatchery operations. The supplies funding would provide for increased distribution, utilities, fish food, and other fish hatchery production costs. The Department recently closed two fish hatchery facilities due to continued vacancies and operational costs and has decreased some fish production to keep costs within available funding.

2. WALLEYE INITIATIVE

GPR	\$1,856,300
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Joint Finance/Legislature: As part of the "Wisconsin Walleye Initiative," provide \$626,000 in fiscal year 2013-14 and \$1,230,300 beginning in 2014-15 for fish hatchery operations to increase the production of large walleye fingerlings (six to eight inch fish). The overall initiative is expected to increase stocking of large walleye fingerlings from approximately 90,000 currently to 500,000 to 750,000 by 2016. The initiative totals over \$5 million GPR in 2013-15 as shown below and described in several following entries.

Wisconsin Walleye Initiative

	<u>2013-14</u>	<u>2014-15</u>	<u>Source</u>
Hatchery Operations	\$626,000	\$1,230,300	GPR
Hatchery Expansions (debt service)	0	45,000	SEG
Population Maintenance and Enhancement Grants	1,000,000	1,000,000	GPR
Contracts	0	500,000	GPR
UW Extension Private Fish Farms	160,000	0	GPR
Private Fish Farm Stocking Capacity Study	0	0	
Fish Farm Regulations Study	0	0	
Tribal Youth Program	<u>250,000</u>	<u>250,000</u>	GPR
Total	\$2,036,000	\$2,980,300	GPR
	\$0	\$45,000	SEG

3. WALLEYE FISH HATCHERY EXPANSIONS

SEG	\$45,000
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Joint Finance/Legislature: Enumerate a fish hatchery capacity expansion project funded with \$8.2 million in existing conservation fund SEG-supported general obligation bonds in the 2013-15 capital development budget for increased walleye production at various state fish hatcheries. Debt service on the \$8.2 million in bonds would be expected at approximately \$45,000 SEG in fiscal year 2014-15, and \$625,000 annually once the bonds are fully issued (likely in the 2015-17 biennium) and would be paid from the fish and wildlife account of the conservation fund. (Bonding would be utilized for facility improvements primarily at the Art Oehmcke fish hatchery in Woodruff, and the Governor Tommy G. Thompson fish hatchery in Spooner, but also for Wild Rose, and potentially for other facilities.)

[Act 20 Section: 2363m]

4. WALLEYE POPULATION MAINTENANCE AND ENHANCEMENT GRANTS

GPR	\$2,000,000
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Joint Finance/Legislature: Provide \$1 million annually in a new, biennial appropriation and direct DNR to create by administrative rule a competitive grant program to provide grants to municipal fish hatcheries (hatcheries owned or operated by cities, villages, towns, counties, or federally recognized American Indian tribes or bands in Wisconsin) and private fish farms (fish farms located in Wisconsin that are registered with DATCP, and that are in compliance with all applicable state and federal fish health and environmental regulations) for the purpose of building, improving, or repairing fish hatchery or rearing facilities and associated infrastructure to increase the capacity to raise walleye for stocking in Wisconsin waters. Specify that the grants may be used to build, improve, or repair any of the following: (a) buildings and structures used as fish hatcheries or for fish rearing; (b) fish rearing ponds; (c) wells or water recirculation systems; (d) biosecurity systems to ensure fish health; (e) holding facilities and equipment used for fish broodstock; or (f) equipment used for the distribution of fish, or for the collection of fish spawn. Specify that the terms of the grant contracts must include the number of walleye to be produced and the purchase price of walleye fingerlings (young fish). Further, specify that DNR may promulgate emergency rules without the finding of an emergency to establish the grant program and specify that these rules remain in place until June 30, 2016 or until permanent rules are established, whichever is sooner. In addition, clarify that municipal fish hatcheries are not subject to restrictions under chapter 29 related to the possession of captive wild animals, or to the transportation, sale, delivery, or receipt of farm-raised fish.

[Act 20 Sections: 286d, 550m, 562t thru 563m, 572h, and 9132(3e)]

5. WALLEYE CONTRACTS

GPR	\$500,000
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Joint Finance/Legislature: Provide \$500,000 annually beginning in fiscal year 2014-15 in a new annual appropriation and direct DNR to use these funds to contract with municipal fish hatcheries (hatcheries owned or operated by cities, villages, towns, counties, or federally recognized American Indian tribes or bands in Wisconsin) and private fish farms to purchase fish for the purpose of raising walleye for stocking in Wisconsin waters. For the purposes of implementing this subsection, specify that DNR may furnish or sell at cost fish or fish eggs to municipalities and private fish farms and the Department may enter into agreements or contracts for periods of up to five years. Also, specify that in addition to the GPR appropriated for the contracts for purchase of walleye, DNR may also expend all program revenue received from the sale of fish or fish eggs to municipalities and private fish farms for the contracts. Further, specify that DNR may promulgate emergency rules for implementing this section without the finding of an emergency and specify that these rules remain in place until June 30, 2016, or until permanent rules are established, whichever is sooner.

[Act 20 Sections: 284g, 284h, 572m, and 9132(3e)]

6. UW-EXTENSION PRIVATE FISH FARMS

GPR

\$160,000

Joint Finance/Legislature: Provide \$160,000 in fiscal year 2013-14 in one-time funding and direct DNR to provide a grant to UW-Extension to assist private fish farms by developing programs and providing services that support fish farm industry growth and profitability. [UW Extension aquaculture (fish farm) outreach specialists work with public, private, and tribal groups to develop programs and provide services that support industry growth and profitability including: business plan development and individual consultations, aquaculture field days, workshops and vendor fairs, facility planning to support best management practices, biosecurity workshops, beginning aquaculture workshops, and veterinarian health training workshops.]

[Act 20 Section: 9132(5c)]

7. PRIVATE FISH FARM STOCKING CAPACITY STUDY

Joint Finance/Legislature: Direct DNR, in consultation with the Department of Administration (DOA), the Department of Agriculture, Trade, and Consumer Protection (DATCP), the Wisconsin Economic Development Corporation (WEDC), the Wisconsin Aquaculture Association, and the University of Wisconsin-Extension, to conduct a study of the capacity of private fish farms to rear fish for stocking in Wisconsin waters for the purpose of maintaining and improving fish populations. Require DNR to submit a report of the study results to the appropriate standing committees of the Legislature by June 30, 2014.

[Act 20 Section: 9132(4j)]

8. FISH FARM REGULATIONS AND STAMP STUDIES

Joint Finance/Legislature: Direct DNR and DATCP to conduct a study of the regulations applicable to private fish farms in Wisconsin to assess the need for existing regulations. In making this assessment, both departments will study the issue of overlap among these regulations and the possibility of streamlining the procedures used by both departments in administering these regulations. Authorize DNR and DATCP to promulgate administrative rule changes necessary to implement the recommendations of the study as emergency rules without the finding of an emergency. Specify that these emergency rules may remain in place until June 30, 2016, or until permanent rules are established, whichever is sooner.

Further, direct DNR and DATCP to evaluate the viability of establishing a fish hatchery stamp that could be issued to holders of licenses under Chapter 29 of the statutes that authorize fishing for sport. Require DNR and DATCP to jointly make recommendations based on the two studies and require DNR to submit a report of the results of the fish farm regulation and hatchery stamp studies and the recommendations to the appropriate standing committees of the Legislature and the Joint Committee for Review of Administrative Rules by November 15, 2013.

The bill would require DNR, in cooperation with DATCP, to conduct a study that would include the viability of establishing a fish hatchery stamp. Currently, in order to hunt or fish

certain species, a person must purchase a stamp in addition to a license. Revenue from the sale of these stamps must be utilized exclusively for habitat and propagation projects for the benefit of the respective species. Currently, five stamps are required: (a) waterfowl; (b) wild turkey; (c) pheasant; (d) inland waters trout; and (e) Great Lakes trout and salmon. For example, a new fish hatchery stamp could be proposed which a person would be required to purchase in addition to a fishing license in order to fish in Wisconsin waters, and revenues from the stamp could be utilized to fund fish hatchery production, maintenance or improvements.

[Act 20 Section: 9132(4q)]

9. SUMMER TRIBAL YOUTH PROGRAM

GPR	\$500,000
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Joint Finance/Legislature: Provide \$250,000 annually in a new annual appropriation to expand the existing summer tribal youth program to any of the federally recognized American Indian tribes or bands in Wisconsin. Allow DNR to provide up to 50% of eligible project costs to provide tribal youth who are 13 to 19 years of age with an opportunity to work on natural resources-related projects. (DNR currently supports the summer tribal youth program with approximately \$22,000 each year from federal and conservation fund revenues for salaries, supplies, travel and equipment for projects such as searching for elk calves, trail maintenance and construction, and trout stream habitat during the summer. Since 2007, DNR has partnered with the Lac du Flambeau, Lac Courte Oreilles, and Red Cliff tribes. The additional funding would expand opportunities for youths in the participating tribes and expand the program to the remaining eight tribal nations within Wisconsin.)

[Act 20 Sections: 286t and 500g]

10. CATCH AND RELEASE BASS FISHING

Joint Finance/Legislature: Establish a catch-and-release only season for bass fishing for the areas of the state where there is not a continuous open season for bass fishing. Specify that the season shall begin on the first Saturday in March and end on the Sunday preceding the first Saturday in May. (Under administrative rules, most fishing seasons open on the first Saturday of May.)

Veto by Governor [K-55]: Delete provision.

[Act 20 Vetoed Section: 552m]

11. PRIVATE POND FISHING

Joint Finance/Legislature: Specify that no fishing license is required for a resident or nonresident to fish in a pond that is a self-contained body of water and that is located entirely on private property owned by a person who gives permission to the person to fish in the pond.

[Act 20 Sections: 562g thru 562r]

12. GREAT LAKES VESSEL RENTAL APPROPRIATION
 [LFB Paper 456]

SEG-REV	\$28,000
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Governor: Create a continuing appropriation in the fish and wildlife account of the conservation fund for the deposit of all moneys received from the rental of Great Lakes research vessels that are owned by the Department and that are rented for purposes other than the management of the state's fish and wildlife resources to pay the cost to the Department of providing staff and other services associated with the rental of Great Lakes research vessels for purposes other than the management of state fish and wildlife resources. Further, specify that the Department's general SEG rental property and equipment appropriation under s. 20.370(7)(jr) of the statutes excludes money received under this newly-created appropriation.

Recently, the Bureau of Fisheries Management acquired a new Lake Michigan research vessel and rebuilt its Lake Superior research vessel. The Bureau has accommodated requests by other DNR programs or external agencies to conduct activities on these vessels for uses that are not generally eligible for support by the fish and wildlife account, without charge. For example, the U.S. Fish and Wildlife Service utilized a boat to complete near-shore lake trout sampling, and the DNR Bureau of Science Services utilized a boat for water quality sampling. For each of these requests, DNR has provided a minimum staff of a research vessel captain and first mate, the costs of which have been borne by the Bureau of Fisheries Management. The bill would provide an appropriation in the fish and wildlife account where money received from rental of Great Lakes research vessels owned by DNR for purposes other than the agency's fish and wildlife resource management could be deposited to pay the cost to the Department for staffing and other services associated with rental of these vessels for those purposes. Although DNR estimates revenues of approximately \$14,000 a year, the bill does not include any revenue estimate in the appropriation schedule under Chapter 20 of the statutes.

Joint Finance/Legislature: Modify the provision to specify the appropriation is for the deposit of all moneys received from the rental of Great Lakes research vessels that are rented for purposes other than "this state's" management of fish and wildlife resources. (The original bill language appears to exclude certain uses that the Department intended to be included, such as use by the U.S. Fish and Wildlife Service for near-shore lake trout sampling, which would be, at least in part, for the purpose of management of state fish and wildlife resources.)

[Act 20 Sections: 285 and 288]

13. CREX MEADOWS WILDLIFE EDUCATOR [LFB Paper 457]

PR	-\$42,800
SEG	<u>42,800</u>
Total	\$0

Governor/Legislature: Delete \$21,400 PR annually and provide \$21,400 SEG annually from the fish and wildlife account of the conservation fund for the fringe benefit costs of a wildlife educator position at the Crex Meadows Wildlife Education and Visitors Center near Grantsburg, in Burnett County.

2011 Act 32 provided 1.0 PR position in the DNR Division of Lands gifts and grants

appropriation for the wildlife educator position. An endowment fund established by the Friends of Crex, a private, non-profit corporation which provides volunteer and financial support for the wildlife education program at the Center, was expected to fund the salary and fringe benefit costs of the educator. However, the contract, which was finalized in October, 2011, specified that the Friends of Crex endowment would support the educator's salary annually and support the fringe benefits through June 30, 2013, with the Department providing the fringe benefits for the educator position beginning on July 1, 2013.

14. MACKENZIE ENVIRONMENTAL EDUCATION CENTER OPERATIONS

Joint Finance/Legislature: Direct DNR to expend \$239,000 conservation fund SEG in fiscal year 2013-14 from existing funds for the continuation of school-based environmental education services at the state-owned MacKenzie Environmental Education Center in Poynette, Wisconsin from August 15, 2013, through August 15, 2014. In addition, require DOA to conduct a thorough review of the status and condition of the buildings, structures, and animal enclosures at the MacKenzie Environmental Education Center. Specify that the study must include a description of the maintenance and repairs that are necessary for the buildings, structures, and animal enclosures, as well as an estimate of the cost of any necessary repairs or maintenance. Require DOA to submit a report detailing the findings of the study to the Joint Committee on Finance within 90 days of completion of the study, but not later than June 1, 2014.

Although not statutorily required, since 2006 the Wisconsin Wildlife Federation has operated the MacKenzie Center under a lease with DNR, with approximately \$239,000 being provided by DNR in 2012-13.

[Act 20 Sections: 9101(2i) and 9132(3i)]

15. DEER MANAGEMENT INITIATIVES [LFB Paper 458]

	Funding	Positions
FED	\$1,942,000	1.50

Governor/Legislature: Provide \$1,300,500 in 2013-14 and \$641,500 beginning in 2014-15 with 1.5 positions for deer management initiatives. The administration indicates that the Department anticipates increased federal funding over the 2013-15 biennium from Pittman-Robertson grants (funded through an 11 percent excise tax on sporting arms and a 10 percent tax on sales of pistols and revolvers and apportioned to states primarily based on land area and the number of paid hunting and fishing license holders). The Department plans to use the funds to support several deer management projects, primarily items identified in the 2012 Kroll report.

On October 1, 2011, DNR entered into a Memorandum of Understanding (MOU) with DOA to cover expenditures associated with a deer trustee, Dr. James C. Kroll, and two other deer management experts, David C. Guynn, Jr. and Gary L. Alt, for a study of white-tailed deer management in Wisconsin. In July, 2012, Dr. Kroll released a report entitled, "Final Report and Recommendations By Wisconsin White-Tailed Deer Trustee and Review Committee". Overall, the report encouraged DNR to increase public involvement in deer management, particularly by landowners, hunters and the 11 tribes of Wisconsin. The report made a number of

recommendations including recommendations related to: (a) deer population management; (b) hunting regulations and seasons; (c) predator management; (d) chronic wasting disease management; (e) development of a Deer Management Assistance Program (DMAP); as well as recommendations related to DNR research topics (including deer habitat, forest health, and public opinion) and technological needs (the report recommended a statewide geospatial information system be developed in Wisconsin to aid in land management). Funding would be provided for the following projects (items and estimated costs are listed in order of the Department's current priority, but are subject to change):

	<u>2013-14</u>	<u>2014-15</u>	<u>FTE</u>
Update Land Cover Assessment	\$300,000	\$150,000	0.00
Statewide Trail Camera Monitoring Project	350,000	60,000	1.00
Buck Mortality and Fawn Predation Studies	170,000	70,000	0.00
Herd Health Metrics to Assess Deer Population Status	110,500	110,500	0.00
Deer Management Assistance Pilot Program	0	0	0.00*
Research to Set Management Goals and Strategies	45,000	45,000	0.50
Citizen Wildlife Observational Surveys	30,000	30,000	0.00
Deer Habitat Management Review Committees	6,000	6,000	0.00
Baiting and Feeding Study	40,000	20,000	0.00
Disease Response Plan	115,000	90,000	0.00
Citizen Monitoring Initiative	55,000	10,000	0.00
Charge fees for Antlerless Tags in CWD Zone	4,000	0	0.00
Quicker CWD Test Reporting	45,000	20,000	0.00
Field Necropsies Training and Implementation	<u>30,000</u>	<u>30,000</u>	<u>0.00</u>
Total	\$1,300,500	\$641,500	1.50

*1.0 federal position was provided for a DMAP coordinator through the DOA allotment process in February, 2013.

Update Land Cover Assessment. Currently, the Department uses land cover data dating from 1992. Land cover data describes the types of land cover throughout the state (such as croplands, forests, prairie, urban structures, wetlands, and water bodies, among others). Funding would be used to acquire satellite imagery of the entire state. For each satellite image scene, automated computer processes would be run to derive a representation of land cover in a format that can be used in a Geographic Information System (GIS). Then, personnel (DNR staff and potentially partners from the University of Wisconsin) would visit various locations to verify whether the type of land cover identified in the satellite imagery is consistent with that found on the ground, a process known as "ground truthing". For each satellite image scene, information gathered during the ground truthing process would be used to assess the quality of the automated land cover classification; how closely the land cover type identified by the computer processing matches the actual land cover found on the ground. This information, together with other current geospatial data (including high-resolution aerial photography) would then be used to adjust the automated computer processing to improve the accuracy of the land cover classification. The individual satellite scenes would be compiled into a statewide updated land cover database in a GIS format that could be used to support a variety of needs for DNR, other government agencies, the University of Wisconsin, and a variety of other stakeholders. Updated land cover data would assist the Department in understanding current land use and wildlife habitat and assist with

planning recreational opportunities and managing timber resources, as well as providing data to aid deer density evaluations, and habitat suitability models for deer throughout the state. In addition, the bill would require DOA to establish an implementation plan for a statewide digital parcel map.

Statewide Trail Camera Monitoring Project. The Department plans to develop a standardized statewide citizen trail camera research and monitoring project. In addition to predator information, the cameras would provide a measure of fawn recruitment rates, estimates of buck densities, and age structure. Citizen participants would submit all observations and photos of predators and unique animals via the Department's website. The bill would provide 1.0 research scientist-advanced position to annually conduct regional workshops and develop training materials for the citizen volunteers, oversee team members in responding to volunteer inquiries and coordination of cameras and training materials, develop and implement web applications and statistical packages to determine animal abundance and distribution through an interactive website, secure external funding to support research activities and collaborate with field managers and other researchers. In addition, the research scientist would be responsible for developing a comprehensive reporting system to inform volunteers, interested citizens, DNR managers and administrators of results on a semi-annual basis and conducting presentations to citizen groups and professional organizations and producing peer-reviewed publications.

Buck Mortality and Fawn Predation Studies. Funding would be utilized for a two-year continuation of studies being conducted in northern and east-central Wisconsin using radio telemetry to track fawns and adult deer to evaluate deer survival and causes of deer mortality.

Herd Health Metrics to Assess Deer Population Status. Historically, the Department has used the Sex-Age-Kill (SAK) model to estimate the deer population following harvest and determine deer management unit (DMU) goals. Funding would be used to utilize herd health metrics to evaluate deer herd populations based on their impacts to the ecosystem. The 2012 Kroll report recommended that, rather than reporting numeric population goals and estimates of deer abundance at the DMU level, DNR should move to a system where deer management goals are expressed as a range of acceptable conditions across a set of criteria (e.g. harvest success or harvest levels, crop damage claims, deer vehicle collisions, forest regeneration success, etc.) within each DMU. The population goals would be expressed as either to increase, stabilize, or decrease deer population density as measured by these criteria.

Deer Management Assistance Pilot Program. The bill would require DNR to establish a Deer Management Assistance Program (DMAP). Under this program, DNR is required to provide deer management assistance to participating landowners. Further, the Department would be required to provide a method for collecting information from participating landowners about deer health and the deer population in Wisconsin and for receiving suggestions from participating landowners about managing the deer population. DNR must analyze the information received and use it to improve deer health and manage the deer population in Wisconsin. The bill would also require DNR to promulgate administrative rules to implement this program, specify that the Department may promulgate emergency rules without finding an emergency to implement the program, and that the emergency rules may remain in effect until June 30, 2015, or the date on which permanent rules take effect, whichever is sooner. The bill

would specify that DNR may establish fees for participation in DMAP to be deposited in a newly created continuing appropriation in the fish and wildlife account of the conservation fund to be used for administering DMAP. No estimate of revenue is made for this appropriation. According to the Kroll report, "the primary goal of most DMAPs is to allow landowners and hunters to work together with the state agency to manage deer on a site-specific basis". Currently, twenty states "utilize DMAPs to facilitate deer management on private lands at the local level by involving landowners and hunters". These programs vary by state, and may involve both public and private lands. Participation is voluntary and is generally open to landowners, groups of landowners, or organizations such as a hunting club (some states have minimum acreage requirements). Generally, landowners and the state agency (in this case DNR) work together to establish a goal of whether to increase, stabilize, or decrease, the deer population on the property enrolled in a DMAP. These objectives are then accomplished through the issuance of DMAP antlerless tags. The tags are valid only on the enrolled property, may not be used for antlered bucks, and are issued to the landowner who distributes them to individual hunters. (1.0 federal position for a DMAP coordinator was provided to DNR in February, 2013, through the DOA allotment process).

Research to Set Management Goals and Strategies. The bill would provide 0.5 research scientist-advanced position to develop human dimensions (public opinion) research and conduct outreach at the local level to gather input for setting goals and implementing strategies for managing the deer population. The research scientist would meet regularly with stakeholders to gather input for developing, coordinating, and implementing annual surveys to assess social attitudes associated with deer management including, but not limited to, hunter satisfaction, rules and regulations, season structure, deer numbers, public attitudes on deer densities, herd health, vehicle collisions, browsing impacts, and crop damage. They would also oversee data collection and processing, analyze data using statistical software, generate annual reports of results, and provide information to stakeholders to inform deer management policy and decision-making. Further, the research scientist would also be responsible for presenting information to citizen groups via the internet, in publications, and at meetings and producing peer-reviewed publications and securing external funding to supplement ongoing research activities.

Citizen Wildlife Observational Surveys. Funding would provide for the expansion of the Department's Operation Deer Watch (ODW) program and Deer Hunter Wildlife Survey program by developing journals to capture data. Through ODW, citizens record deer sightings during the summer months to monitor Wisconsin's deer reproduction. The goal of ODW is to gauge the number of fawns produced. This assists deer managers in making deer population estimates. Through the Deer Hunter Wildlife Survey program, deer hunters provide wildlife data used to monitor the relative abundance and distribution of deer and other mammalian/avian wildlife species in Wisconsin including deer, raccoon, skunk, porcupine, red and gray fox, turkey, ruffed grouse, coyote, bear, otter, fisher, bobcat, house cat, badger, wolf, opossum, and elk. Because hunters often spend many quiet observation hours in the woods, they can provide valuable information about species that is often difficult to measure.

Deer Habitat Management Review Committees. Funding would be utilized to create county-based committees comprised of stakeholder and tribal representatives, chaired by local

Conservation Congress representatives, to annually review deer management issues. The Kroll report recommended involving the public more actively in deer management decision-making at the local level.

Baiting and Feeding Study. Funding would provide for the development and implementation of a study on the human dimensions (public opinion) surrounding baiting and feeding deer through the use of focus groups with current and past bait-using hunters as well as those who have never used bait, for the purpose of developing policy. The practice of baiting and feeding is currently prohibited in 32 counties.

Disease Response Plan. Funding would cover the development of sampling protocols and the implementation of surveillance efforts to determine how the area surveyed and number of samples taken affect the perceived prevalence of deer diseases, such as CWD and EHD (Epizootic Hemorrhagic Disease).

Citizen Monitoring Initiative. Funding would cover refining the sick deer reporting system that is available to the public and reinforcing and supporting public relations efforts to encourage the reporting of sick deer. Citizen detection and reporting of diseased deer on the landscape is critical to detecting and managing wildlife diseases.

Charge Fees for Antlerless Tags in CWD Zone. Funding would support implementing bonus tags in Department-confirmed CWD areas (see the following *Bonus Deer Hunting Permits and CWD Management* entry).

Quicker CWD Test Reporting. In order to increase the speed with which CWD test results are provided to hunters, funding would provide for the development of a decentralized statewide approach to improve sample collection and testing turn-around.

Field Necropsies Training and Implementation. Funding would be provided for the development of a necropsy-oriented training program that would enable wildlife biologists to perform field necropsies (a necropsy is an autopsy performed on an animal). Funding would be used for training materials, training, and personal protective equipment and sample submissions for 10 animals per area from 46 biologists statewide.

[Act 20 Sections: 280, 551, and 9132(3)]

16. BONUS DEER HUNTING PERMITS AND CWD MANAGEMENT [LFB Papers 459 and 460]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$600,000	\$0	\$600,000
SEG	\$0	-\$1,418,000	-\$1,418,000

Governor: Specify that the Department of Natural Resources (DNR) may promulgate rules to implement the recommendations contained in the 2012 final report of the assessment of Wisconsin's deer management plans and policies (Kroll report) that was conducted under the terms of a contract between the Department of Administration (DOA) and a recognized deer management expert. In addition, modify s. 29.181(2) of the statutes to specify that a bonus deer hunting permit would authorize the holder of the bonus deer hunting permit to, in addition to the current law authorization to take an additional deer of the sex or type specified by the Department on the permit (subject to a permit fee of \$12 for residents or \$20 for non-residents, including an issuance fee of 75¢), take an additional deer in a county or deer management area in which the Department has confirmed that a deer has tested positive for chronic wasting disease (CWD), subject to a permit fee that the Department is required to establish by promulgating administrative rules, which must be at least \$5.75 (including the 75¢ issuance fee). Specify that, of the moneys received from bonus permits issued for the taking of an additional deer in a Department-confirmed CWD area, \$5 from each permit be credited to a new continuing appropriation created for the management of and testing for chronic wasting disease rather than for the wildlife damage claims and abatement program. Further, specify that a person may be issued more than one bonus deer hunting permit in a single season if each bonus deer hunting permit authorizes the person to take deer only in a county or deer management area in which a deer has tested positive for chronic wasting disease. Finally, specify that emergency rules promulgated to implement the recommendations in the deer management assessment report and the rules promulgated to establish the fee for a bonus deer permit for taking an additional deer in a Department-confirmed CWD area remain in effect until June 30, 2015, or the date on which permanent rules take effect, whichever is sooner, and that DNR is not required to provide a finding of emergency for promulgation of these rules.

With respect to CWD management, the 2012 Kroll report recommended DNR develop a new sampling protocol for CWD in Wisconsin, one that focuses on detecting new cases outside the CWD zone to support detection of outbreaks and rapid response, while continuing to sample within the zone to monitor conditions over time. Further the report recommended initially implementing a Deer Management Assistance Program (DMAP) within the CWD management zone and concluded that implementation of a DMAP in the CWD zone would improve landowner confidence in DNR field biologists, and increase surveillance for clinically ill or recently dead animals.

Under current law, residents and non-residents who have purchased a deer hunting license may also purchase a bonus deer permit. A bonus deer hunting permit authorizes the holder to take an additional deer of the sex or type specified by the Department on the permit. Except as authorized by administrative rule, a person may not apply for or be issued more than one bonus deer hunting permit in a single season. Under administrative rule, DNR issues resident and non-resident antlerless bonus permits on a first-come first-served basis to individuals who possess a valid deer hunting license and may issue more than one bonus permit per hunter up to an established quota per deer management unit. Resident bonus deer permits are available for \$12 (including a 75¢ issuance fee, of which 50¢ is remitted to the vendor) and non-resident bonus deer permits are available for a fee of \$20 (including the issuance fee). The fee, less issuance costs paid to a non-DNR license vendor, are deposited in a fish and wildlife account continuing appropriation for wildlife damage and abatement claims. Currently, DNR does not charge a fee

for bonus permits issued in CWD units. The bill would create an additional bonus deer permit which would authorize the holder to take an additional deer in a county or deer management area in which DNR has confirmed that a deer has tested positive for chronic wasting disease. The bill would require the Department to promulgate administrative rules that establish the fee for the permit, but that the fee must be at least \$5.75 (including the 75¢ issuance fee). Under the bill, DNR could establish a fee that is higher than \$5.75 or could establish a higher fee for non-residents, similar to the traditional bonus deer permit.

Revenues from bonus deer permits are currently used to fund wildlife damage programs. Resident and non-resident bonus deer permits generated \$832,700 during fiscal year 2011-12. The bill would specify that \$5 from each bonus deer permit for taking an additional deer in a Department-confirmed CWD area would be deposited in a new appropriation for the management of and testing for CWD. (No fish and wildlife SEG is specifically appropriated for CWD management beginning in 2009-10. Funds had previously been provided for herd monitoring and sampling, law enforcement and wildlife management staff costs, equipment supplies, travel, education efforts, limited-term employees and overtime costs as well as for a veterinarian, public information officer, and data manager position. DNR has also previously been directed to provide funds to the Wisconsin Veterinary Diagnostic Lab (WVDL) for CWD testing and to DATCP to buy-out captive deer herds for CWD testing, for CWD-related staff and to publicize CWD control efforts to deer farmers and processors.) Under the bill, any money not appropriated under the new CWD appropriation (\$5 from each license), would be deposited into the wildlife damage claims and abatement appropriation, minus the portion of the 75¢ issuance remitted to the vendor (50¢). Were the permit fee set at the minimum fee of \$5.75, the wildlife damage appropriation may receive approximately 25¢ for each permit sold. A higher fee would generate additional wildlife damage funds.

In addition, under current law, if DNR determines that, for a deer management area, the number of available bonus deer hunting permits for a single season will exceed the number of applications submitted, DNR may, by rule, issue one or more free bonus permits to a resident owner of a farm located in the deer management area or an adjacent deer management area, for each bonus permit that the landowner purchases. The bill would extend this provision to resident farm bonus permits for the taking of a deer in a Department-confirmed CWD area. Under current law and the bill, to be eligible for the resident farm owner bonus permit, a majority of the land must be used on a commercial basis, to produce income. DNR also issues antlerless herd control carcass tags for a fee of \$2 in herd control units, which are units where additional gun and archer hunting of antlerless deer is necessary to reduce the deer population to a level closer to the DNR established goal. The \$2 fee is deposited in a handling fee appropriation in the fish and wildlife account of the conservation fund. The administration made no estimate of revenues. Further, the number of permits sold varies from year to year. However, based on the 57,367 \$2 herd control unit permits sold in fiscal year 2012-13 (outside of CWD zones) the new permit might be expected to generate annual revenues in the range of \$300,000.

Joint Finance/Legislature: Adopt the Governor's recommendation, but establish the fee for a bonus deer permit in a CWD-confirmed area at \$5.75 statutorily. However, allow DNR to promulgate a higher fee through the administrative rule process. In addition, delete \$774,000 in 2013-14 and \$644,000 in 2014-15 to re-estimate the wildlife damage claims and venison

processing appropriations. (Wildlife damage claims would be budgeted at \$2,820,000 in 2013-14 and \$2,950,000 in 2014-15 and venison processing would be appropriated \$300,000 annually.)

[Act 20 Sections: 278, 279, 552, 553 thru 559, 564 thru 567, 572, and 9132(2)]

17. YOUNG ADULT HUNTER EDUCATION

FED	\$100,000
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Governor/Legislature: Provide \$50,000 annually for limited-term employees (LTE) and supplies and services to provide hunter education classes and conduct outreach via social media to reach potential young hunters and recruit them into the sport. Federal Pittman Robertson grants (funded by an 11 percent tax on sporting arms and ammunition and a 10 percent tax on sales of pistols and revolvers and apportioned to states primarily based on land area and the number of paid hunting and fishing license holders) would be utilized for the project.

18. SPORTING HERITAGE GRANT

GPR	\$200,000
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Joint Finance/Legislature: Direct DNR to provide \$500,000 during the 2013-15 biennium [provide \$200,000 GPR in fiscal year 2013-14, and allocate \$225,000 in federal Pittman-Robertson funds, to the extent allowed under federal law, with a \$75,000 federally required match (likely from fish and wildlife account SEG) in fiscal year 2014-15] to a non-profit organization established in Wisconsin for outdoor education, recruitment, and retention of sportsmen and sportswomen. Further, designate \$450,000 in each subsequent biennium for the grant from federal Pittman-Robertson funds and federal Sport Fish Restoration funds, to the extent allowed under federal law, and specify that the recipient must provide a \$150,000 project match (the 25% of project costs required under the federal programs).

Specify that the organization meet the following criteria: (a) has an existing relationship with a nationally-recognized organization with proven and successful firearms safety education programs; (b) has an existing relationship with a nationally-recognized organization and can utilize this established relationship to host shooting events; (c) can teach courses including firearm safety and training, shooting skills, and outdoor education (available to both youth and adults) with established and nationally recognized curriculum; (d) can bring in a nationally-recognized shooting expert that has an existing relationship with the organization; (e) can match mentors with new hunters by recruiting and then maintaining a database of volunteers; (f) is not a state affiliate of a national federation or organization; and (g) will ensure the maintenance or improvement of Wisconsin's position in the nation for outdoor heritage recruitment and retention by providing sporting education and programming throughout the state. In addition, specify that the grant be utilized to preserve and protect Wisconsin's hunting, fishing, trapping, and shooting traditions.

Specify that applications be submitted to DNR within 30 days following the effective date of the bill. In addition, create a committee to review the grant applications consisting of five members, including three members appointed by the chair of the Sporting Heritage Council, and the chairs of the Assembly and Senate committees responsible for natural resources. Require the committee to review grant applications for the 2013-15 biennium and submit a report of their

recommendations to the DNR Secretary within 50 days following the effective date of the bill. Direct the DNR Secretary to award the grant within 60 days following the effective date of the bill. In subsequent biennia, specify that the grant be awarded within 30 days following the effective date of the biennial budget bill.

Veto by Governor [K-56]: Delete the requirement that some portion of the funding come from certain federal funds. Under the Act, DNR must provide a Wisconsin non-profit organization meeting the specified criteria a grant of \$500,000 during the 2013-15 biennium, including providing \$200,000 GPR in 2013-14, and \$300,000 from an unspecified source in 2014-15. Each subsequent biennium, DNR must provide a grant of \$450,000 from an unspecified source, with the recipient required to provide \$150,000 in matching funds.

[Act 20 Sections: 280b, 280c, 572f, 9132(4d), and 9432(1c)]

[Act 20 Vetoed Section: 572f]

19. BEAR DOG TRAINING

Joint Finance: Specify that, except where prohibited by DNR by administrative rule, an individual may engage in the training of a dog as authorized under s. 29.184(3)(bg) or (3)(br) of the statutes (train a dog to track bear, to trail bear or to otherwise engage in an activity that contributes to locating bear and that is authorized by rule by the Department), without a leash from July 1 to August 31 provided the individual possesses a Class A or Class B bear license, or is exempt from holding such a license, and: (a) each dog is uniquely tattooed or wears a collar with the owner's name and address attached; and (b) no more than six dogs in a single pack may be used to pursue bear regardless of the number of persons assisting the bear hunting licensee and regardless of the dog ownership.

The provision would codify in state statutes current section NR. 17.08(3)(c) of the administrative code. Currently, section NR 45.06 of the administrative code specifies, in part, that no person may allow a dog, cat, or other pet in any building or certain other structures (Department rental tent, tepee or yurt), or on any swimming beach or on any Great Lakes shoreline zone as posted, picnic area, playground, fish hatchery ground, or Paradise Springs area in the southern unit Kettle Moraine state forest. Dogs, cats and other pets shall be kept on a leash not more than eight feet long and under control at all times in all other state park areas, headquarters areas, ranger stations, campgrounds, state natural areas, in Point Beach state forest, in designated use areas in other state forests and the intensive use zone within the Richard Bong state recreation area. No person may allow his or her dog, cat or other pet to interfere in any manner with the enjoyment of the area by others.

In addition, it should be noted that, a hound dog trial license is not required to trial on free roaming bear during the July 1 to August 31 bear dog training period. A Class A or Class B bear hunting license is required to participate in a trial during this period. Bear may be hunted with the aid of dogs during the seasons described in section NR. 10.01(3)(g)[with the aid of dogs only, beginning on the first Wednesday following Labor Day and continuing for 28 consecutive days in odd-numbered years and beginning on the second Wednesday following Labor Day for

27 days in even-numbered years].

Assembly/Legislature: Clarify that except "at facilities and specified property locations where prohibited by section NR 45.06 of the administrative code", an individual may engage in the training of a dog on bear as authorized above.

[Act 20 Sections: 560r thru 560v]

20. ELK REINTRODUCTION FROM OUTSIDE WISCONSIN [LFB Paper 461]

Governor: Specify that DNR may import and move elk and introduce the elk into Ashland, Bayfield, Jackson, Price, or Sawyer County if all of the following apply: (a) the elk are taken from the wild and not raised on a farm; (b) the purpose of importing or moving the elk is to protect, develop, or manage wildlife resources in this state; (c) the Department determines that the applicable requirements related to chronic wasting disease under s. 95.20 and 95.55(6) of the statutes are met to the fullest extent possible and practical with wild and free-roaming elk; (d) the Department tests each elk for tuberculosis and brucellosis before importing or moving the elk in accordance with the applicable disease testing requirements of the Department of Agriculture, Trade and Consumer Protection (DATCP); and (e) the Department does not seek a reduction of road access to public lands in connection with importing, moving or introducing the elk.

Currently, under s. 95.20 of the statutes, DATCP may prohibit or regulate the importing of animals into Wisconsin or the movement of animals within Wisconsin if DATCP has reasonable grounds to believe that regulation or prohibition is necessary to prevent the introduction or spread of a disease in this state that threatens the health of animals or of humans. Further, s. 95.55(6) provides DATCP with the authority to promulgate rules concerning testing animals, including farm-raised deer, for diseases such as tuberculosis and chronic wasting disease (CWD). For example, for CWD, in addition to veterinary certification and other requirements, the rules require animals to have been enrolled in the CWD herd status program under ATCP 10.53 for at least five years. The bill would specify that notwithstanding s. 95.20 and 95.55(6) and the rules promulgated under those provisions, DNR may import wild elk if all of the five conditions set forth in the bill are met.

Joint Finance/Legislature: Adopt the Governor's recommendation, except specify that DATCP must determine that the applicable requirements related to chronic wasting disease under s. 95.20 and 95.55(6) of the statutes are met to the fullest extent possible and practical with wild and free-roaming elk before DNR is permitted to import and move elk.

[Act 20 Section: 573]

21. ELK HUNTING SEASON

Governor/Legislature: Prohibit DNR from establishing an open elk hunting season that begins earlier than the Saturday nearest October 15. Currently, under administrative rule NR 10.01(3)(i), a limited bull only elk season could be held beginning on the Saturday nearest

September 15, when the Department determines that the total Clam Lake elk herd population has reached a level of at least 200. While the herd that survives the winter has remained at just over 150 elk for the past two years, DNR believes the peak herd (after spring calving) could, potentially, surpass 200 animals as early as the spring of 2013.

[Act 20 Section: 560]

22. WOLF HUNTING LICENSE FEE [LFB Paper 462]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	- \$86,000	\$4,000	- \$82,000
SEG	\$0	\$98,000	\$98,000

Governor: Reduce the price of a wolf harvesting license fee from \$100 to \$47 for residents and from \$500 to \$249 for non-residents. In addition, reduce the price of a duplicate wolf harvesting license from \$50 for residents and \$250 for nonresidents to \$13 for either.

2011 Act 169 created a wolf harvesting license with an application fee of \$10 and a license fee of \$100 for residents and \$500 for non-residents. Under the budget bill, the fee for the application fee would remain \$10, but the fee for a resident wolf harvesting license would be reduced to \$47 and the fee for a non-resident wolf harvesting license to \$249. These fees would be more consistent with the current law license fees for a bear or elk harvest license (currently at \$49 and \$251 including the \$2 wildlife damage surcharge, which does not apply to wolf harvesting licenses). For the initial season beginning in October, 2012, over 20,000 applications were received for the 1,160 harvest permits authorized by DNR for a non-tribal harvest goal of 116 (an 85 wolf harvest goal was allocated to the tribes in the ceded territories). A total of 887 resident and seven non-resident wolf harvesting licenses were issued by the Department (77% of available licenses). A circuit court injunction prevented a planned dog-hunting component to the 2012 wolf season.

Revenues from the wolf application fees and harvest licenses are deposited to a DNR continuing appropriation primarily to be used for the administration of a wolf depredation program. DNR may use all or a part of any revenues remaining after depredation payments for management and control of the wolf population in the following fiscal year. While the appropriation is currently estimated at \$200,000, total revenues of approximately \$290,000 were generated from wolf harvesting applications and licenses in fiscal year 2012-13 from the initial 2012 season. While future season structures and harvest goals are not certain, the decreased license fees under the bill would be expected to decrease revenues to the appropriation compared to current law. The administration indicates that the effects of the decreased license fees are difficult to estimate, but could increase the number of licenses sold. If license sales were to increase to approximately 1,000, to be more consistent with the level authorized by the Department for the initial 2012 season, the anticipated loss in license revenues under this scenario would be approximately \$43,000 annually.

Joint Finance/Legislature: Reduce the price of a wolf harvesting license fee from \$100 to \$49 for residents and from \$500 to \$251 for non-residents, to be the same as the total license fee for a bear or elk harvest license. In addition, adopt the Governor's recommendation to reduce the price of a duplicate wolf harvesting license from \$50 for residents and \$250 for nonresidents to \$13 for either. Further, estimate revenues at \$249,000 annually (a reduction of \$41,000 annually from current law) and provide an additional \$49,000 SEG annually for wolf damage and management purposes to reflect anticipated revenues.

[Act 20 Sections: 568 thru 571]

23. WOLF HUNTING AT NIGHT

Governor/Legislature: Repeal the current law provision which specifies that a person may hunt wolves during nighttime. Current law allows nighttime wolf hunting beginning with the first Monday that follows the last day of the regular season that is open to hunting deer with firearms and ending on the last day of February of the following year.

[Act 20 Section: 561]

24. VETERAN HUNTING AND FISHING LICENSES

SEG-Transfer	\$30,000
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Governor: Require the Department of Veterans Affairs (DVA) to issue a voucher for one resident small game hunting license, resident deer hunting license, resident archer hunting license, or resident annual fishing license to each person who applies for the voucher, is a qualified veteran and submits the voucher to DNR within one year of discharge. Specify that a qualified veteran is a resident who is one of the following: (a) a veteran, as defined in s. 45.01(12)(a) to (f) of the statutes (generally a person who served in the U.S. armed forces or in forces incorporated as part of the U.S. armed forces), who served during a specified war period [including a period between September 11, 2001, and the ending date of Operation Enduring Freedom or an operation that is a successor to Operation Enduring Freedom, as established by DVA through administrative rule or a period between March 19, 2003, and the ending date of Operation Iraqi Freedom or an operation that is a successor to Operation Iraqi Freedom, as established by DVA through administrative rule (a technical correction is needed to identify DVA as the Department establishing these administrative rules); (b) a member of a reserve component of the U.S. armed forces or of the national guard who has served in a war period and who has served under honorable conditions for a least one year from the date of enlistment; or (c) a person who served in a war period and who was honorably discharged from a reserve component of the U.S. armed forces or from the National Guard.

Specify that the voucher entitles a qualified veteran receiving the voucher to the waiver of the fee, including the issuing fee and any applicable surcharge for a single hunting or fishing license. Further, require that vouchers be submitted directly to the Department of Natural Resources (DNR), and may not be submitted to an agent appointed by DNR to issue licenses (such as sporting goods stores). Require DVA to establish a procedure for determining who qualifies as a veteran. Before issuing a license, require DNR to request that DVA verify whether the applicant is a qualified veteran. If the Department of Veterans Affairs verifies that the

applicant for a license is a qualified veteran, the Department of Natural Resources would be required to issue the license without charging a fee. On an annual basis, require DVA to pay to DNR an amount that equals the total of fees and surcharges that have been waived by DNR for the license issued to voucher holders.

Under current law, DNR may issue an annual small game and fishing license free of charge to residents in active service with the armed forces or residents who are on furlough or leave who apply for this license. In addition, active duty military who were residents at the time of their enlistment are also eligible for resident-priced licenses. 2011 Act 168 also created an annual disabled veteran recreation card (\$7) which entitles the holder to the privileges under a resident small game hunting license and a resident fishing license (prior to the act, a disabled fishing license was available for \$7 and a disabled veteran fishing license was available for \$3, but there was no disabled small game license). DNR is required to issue a card to any resident who produces evidence that shows he or she is a veteran, as defined under federal law, and is receiving certain disability compensation benefits. The bill would require DNR to issue, at no cost, a resident small game license, resident deer hunting license, resident archer license, or resident annual fishing license to a qualified veteran holding a voucher issued by the Department of Veterans Affairs. Under the bill, the vouchers would be issued to veterans of the Afghanistan and Iraq wars, and DVA would reimburse DNR for the costs of the licenses, including the issuance fee and any applicable surcharge (such as the \$2 wildlife damage surcharge). The administration indicates that, while the figure may vary each year, the cost to the Veteran's Trust Fund of reimbursing DNR (fish and wildlife account) for the hunting and fishing license vouchers is estimated at up to \$15,000 annually.

Joint Finance/Legislature: Include a technical correction clarifying that DVA (rather than DNR) rules would specify the applicable war period.

[Act 20 Sections: 411 and 562]

25. CONSERVATION WARDEN COMPUTERS [LFB Paper 455]

SEG	\$453,200
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Governor/Legislature: Provide \$226,600 in 2013-14 and 2014-15, on a one-time basis, for the last two years of a four-year master lease for computers for law enforcement wardens. 2011 Act 32 provided funding for the first two years of payments for 200 rugged laptop computers. Expenditure authority is requested as follows:

	<u>Annual Amount</u>
Conservation Fund	
Fish and Wildlife Account	\$172,600
Boat Account	26,600
ATV Account	11,400
Water Resources Account	2,800
Environmental Fund	13,200
Total	\$226,600

26. CONSERVATION WARDEN MILEAGE INCREASE [LFB

SEG	\$100,000
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Paper 455]

Governor/Legislature: Provide \$50,000 annually to support increased costs associated with increased per mile charges for fleet vehicles. The Law Enforcement Bureau's per mile fleet rate is anticipated to rise from 52¢ in fiscal year 2011-12 to 60¢ during the 2013-15 biennium. The funds provided are intended to allow the Bureau to maintain a statewide warden patrol effort of approximately 2.9 million miles annually. Expenditure authority is provided as follows:

	<u>Annual Amount</u>
Conservation Fund	
Fish and Wildlife Account	\$38,100
Boat Account	5,900
ATV Account	2,500
Water Resources Account	600
Environmental Fund	2,900
 Total	 \$50,000

27. UTILITY TERRAIN VEHICLE APPROPRIATION REESTIMATES [LFB Paper 463]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$353,200	- \$117,900	\$235,300

Governor: Provide \$176,600 annually to reflect appropriation estimates for three newly-established appropriations under 2011 Act 208 related to administration of the utility terrain vehicle (UTV) program under the all-terrain vehicle (ATV) account of the segregated conservation fund. The appropriations and amounts are as follows:

<u>Appropriation</u>	<u>Base</u>	<u>Bill (Annual)</u>
State Utility Terrain Vehicle (UTV) Projects	\$0	\$16,900
UTV Project Aids; Gas Tax Payment	0	64,100
UTV Project Aids; Registrations	0	95,600
 Total	 \$0	 \$176,600

Prior to 2011 Act 208, DNR administered a UTV pilot program in consultation with the Department of Transportation. Under the pilot program, UTVs were registered in the same manner as ATVs, with all revenue collected from UTV registration fees deposited in an appropriation in the ATV account for administration of the UTV pilot program. The program sunset on July 1, 2012. Under Act 208, all revenue collected from UTV registration fees in fiscal year 2012-13 is deposited in an appropriation in the ATV account for administration of the UTV

program. This appropriation expires at the end of fiscal year 2012-13. Beginning in fiscal year 2013-14, an amount specified in the appropriation schedule will be set aside from UTV registration fees for maintenance, rehabilitation, and development on state trails that are open to UTVs. In addition, beginning in fiscal year 2013-14, all revenues from the UTV fuel tax transfer and a portion of UTV registration revenues may be used to provide grants to towns, villages, cities, counties, and federal agencies for UTV trail projects.

Joint Finance/Legislature: Provide \$500 in 2013-14 and \$1,600 in 2014-15 to reestimate the UTV project aids; gas tax payment appropriation to reflect more recent registration data. (UTV trail aids would be funded at \$64,600 in 2013-14 and \$65,700 in 2014-15). In addition, delete \$60,000 annually in base-level funding retained in error in the bill related to the expiration of an appropriation in the ATV account for initial (2012-13) administration of the UTV program, and repeal the expired appropriation.

[Act 20 Section: 279m]

28. ATV TRAIL AIDS [LFB Paper 463]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$141,100	\$156,700	\$15,600

Governor: Reduce the ATV trail aids appropriation by \$63,700 in 2013-14 and \$77,400 in 2014-15 to reflect expected revenues from the motor fuel tax transfer to the ATV account of the conservation fund (related to ATV registrations). ATV trail aids are provided to towns, villages, cities, counties, and federal agencies for the following ATV projects: (a) land or easement acquisition; (b) ATV facilities (such as parking areas, riding areas, and shelters); (c) development and maintenance of ATV trails; (d) purchase of liability insurance; and (e) signs briefly explaining the law related to intoxicated operation of ATVs. Under the bill, local ATV trail aids would be funded at approximately \$3.5 million each year.

Joint Finance/Legislature: Provide \$63,800 in 2013-14 and \$92,900 in 2014-15 to reestimate the ATV trail aids appropriation to reflect more recent registration data.

29. SNOWMOBILE TRAIL AIDS [LFB Paper 463]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	-\$949,200	\$206,500	-\$742,700

Governor: Decrease the snowmobile trail aids appropriation by \$626,600 in 2013-14 and \$322,600 in 2014-15 to reflect the estimated motor fuel tax transfer to the snowmobile account

(related to an expected decrease in snowmobile registrations).

Joint Finance/Legislature: Decrease the snowmobile trail aids appropriation by \$94,000 in 2013-14 and \$196,500 in 2015-16 to reflect more recent registration data. In addition, beginning with the fiscal year 2013-14 transfer, modify the formula for calculation of the annual transfer of fuel tax revenues from the transportation fund to the snowmobile account of the conservation fund to include a multiplier of 1.55, rather than the current multiplier of 1.4. Provide \$469,700 SEG in 2013-14 and \$491,300 SEG in 2014-15 to increase the local snowmobile trail aids appropriation to reflect the increased transfer. Further, decrease the supplemental snowmobile trail aids appropriation by \$240,000 in 2013-14 and \$224,000 in 2014-15 to reflect the estimate of non-resident snowmobile trail pass sales. Including appropriated registration revenue, local trail aids would be budgeted at approximately \$7.9 million in 2013-14 and \$8.1 million in 2014-15 (including supplemental trail aids).

Appropriation Reestimates

	<u>2013-14</u>	<u>2014-15</u>
Snowmobile Trail Aids (Reestimate)	-\$94,000	-\$196,500
Snowmobile Trail Aids (1.55 Multiplier)	469,700	491,300
Nonresident Trail Pass Supplemental	<u>-240,000</u>	<u>-224,000</u>
Change to Bill	\$135,700	\$70,800

[Act 20 Sections: 515k thru 515n, and 2175r]

30. ENDANGERED RESOURCES DOT ANALYSIS

Governor/Legislature: Delete \$67,200 annually and 1.0 vacant conservation biologist position funded from the endangered resources account and provide a corresponding amount of program revenue with 1.0 conservation biologist position to create a permanent position for endangered resources-related analysis of DOT projects.

	Funding	Positions
SEG	-\$134,400	- 1.00
PR	<u>134,400</u>	<u>1.00</u>
Total	\$0	0.00

Under a cooperative agreement with the Department of Transportation, DNR provides transportation "liaisons" throughout the state who perform environmental reviews (erosion, waterway and wetland regulations, and environmental assessments, as needed) of state roadway projects in the DNR regions. The liaisons also act as a single point of contact for local governments conducting transportation projects. In addition, the agreement provides funding for a contract position which provides support to DOT by analyzing the impacts to rare and endangered species of DOT projects (up to \$127,500 under the fiscal year 2012-13 agreement). The bill would eliminate a vacant conservation biologist position funded from the endangered resources account of the conservation fund and create a new permanent PR conservation biologist position in the Bureau of Endangered Resources to conduct the endangered resources analysis of DOT projects rather than utilizing a contract position.

31. ENDANGERED RESOURCES REESTIMATE [LFB Paper 464]

SEG	- \$856,400
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Joint Finance/Legislature: Delete \$428,200 SEG annually to reestimate the main endangered resources donation appropriation [20.370(1)(fs)] to \$900,000 annually (11.0 positions would remain authorized).

32. NATURAL RESOURCES MAGAZINE REESTIMATE [LFB Paper 465]

	Funding	Positions
SEG	- \$556,200	- 0.50

Joint Finance/Legislature: Delete \$278,100 annually and 0.5 position to re-estimate the Natural Resources Magazine account appropriation at \$650,000 annually (3.0 positions would remain authorized).

Forestry and Parks

1. FORESTRY RADIO MASTER LEASE

SEG	\$427,000
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Governor/Legislature: Provide \$213,500 each year in one-time funding from the forestry account of the segregated conservation fund for the fifth and sixth year payments of a six-year master lease for forestry radios. Funding of \$214,000 each year was provided by 2011 Act 32 for the third and fourth years of the master lease for the purchase of 232 mobile radios, 209 portable radios, and 11 aviation specific radios.

2. FORESTRY FLEET COSTS

SEG	\$240,000
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Governor/Legislature: Provide \$120,000 annually from the forestry account to support increased costs associated with the payment of per mile charges for fleet vehicles. Per mile vehicle rates for fire engines and forestry law enforcement vehicles, which currently make up 73% of the Forestry Division's fleet, increased by an average of 41% from 2007 to 2012. Based on recent estimates of cost savings from a reduction of 21 of these vehicles, and despite increased funding provided in the 2007-09 and 2009-11 biennial budgets, the Department expects a shortfall of \$120,000 annually in forestry fleet operational costs during the 2013-15 biennium.

3. TIMBER SALE REQUIREMENTS

Governor: Increase the threshold of estimated value of a state forest or county forest timber sale that requires approval by the DNR Secretary from \$3,000 to \$10,000. Further, add

posting an advertisement announcing the sale on the Department's or County's Internet site that is posted for at least 48 hours prior to the sale, to the methods by which DNR or a county may announce a state forest or county forest timber sale. Also specify that any sale of timber with an estimated value below \$10,000 from a county forest may be made without prior advertising. In addition, increase the threshold of the estimated value of a community forest timber sale that requires the sale to be by public sale from \$3,000 to \$10,000 and add posting an advertisement announcing the sale on the Internet site of the city, village, town or school district that owns the community forest land or operates the community forest that is posted for at least 48 hours prior to the sale, to the methods by which a city, village, town, or school district may announce a community forest timber sale.

For state forest timber sales, current law specifies that sales of cut products or stumpage having an estimated value of \$3,000 or more are required to be sold by public sale after two publications of a classified advertisement announcing the sale in a newspaper having general circulation in the county in which the timber to be sold is located. Sales with an estimated value of \$3,000 or more also require approval by the Secretary. The bill would raise the threshold for secretary approval from \$3,000 or more, to \$10,000 or more. Under the bill, for sales of state forest timber of an estimated value of \$10,000 or more, DNR may choose from two methods of announcing the sale, either: (a) two publications of a classified newspaper advertisement announcing the sale (as under current law); or (b) posting an advertisement announcing the sale on the Department's Internet site for at least 48 hours prior to the sale.

For county forest timber sales, current law specifies that any timber sale with an estimated value of \$3,000 or more is required to be by sealed bid or public sale after publication of a classified advertisement announcing the sale in a newspaper having general circulation in the county in which the timber to be sold is located. Any timber sale with an estimated value below \$3,000 may be made without prior advertising, and any timber sale with an estimated value of \$3,000 or more requires approval of the Secretary. The bill would raise the threshold for Secretary review and for prior advertising to \$10,000. Under the bill, for sales of timber of an estimated value of \$10,000 or more, a county may choose from two methods of announcing the sale, either: (a) publication of a classified newspaper advertisement announcing the sale (as under current law); or (b) posting an advertisement announcing the sale on the County's Internet site for at least 48 hours prior to the sale.

For community forest timber sales, current law specifies that any timber sale from a community forest be based on the scale, measure or count of the cut products. Any timber sale with an estimated value of \$3,000 or more must be by public sale after two publications of a classified advertisement announcing the sale in a newspaper having general circulation in the county in which the timber to be sold is located. The bill would increase the threshold of estimated value of a community forest timber sale that requires the sale to be by public sale from \$3,000 to \$10,000. Under the bill, a city, village, town or school district that owns the community forest land or operates the community forest may choose from two methods of announcing the sale, either: (a) two publications of a classified newspaper advertisement announcing the sale (as under current law); or (b) posting an advertisement announcing the sale on the Internet site of the city, village, town or school district that owns the community forest

land or operates the community forest that is posted for at least 48 hours prior to the sale.

Joint Finance/Legislature: Delete provision.

4. STUDY OF DNR FORESTRY PRACTICES

SEG	\$600,000
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Joint Finance/Legislature: Direct the Department of Natural Resources (DNR) to provide a grant of \$300,000 in fiscal year 2013-14 and \$300,000 in fiscal year 2014-15 in one-time funding from the forestry account of the conservation fund to the Great Lakes Timber Professionals Association (GLTPA) and the Wisconsin County Forests Association for a comprehensive study of DNR forestry practices and forest fire prevention practices. Require the GLTPA and WCFA to submit a plan, prepared jointly, on how the grant funds will be expended to the Joint Committee on Finance for review. Specify that the grant funds may only be released upon approval of the plan by the Joint Committee on Finance through a 14-day passive review process. Upon completion of the study, require the GLTPA and the WCFA to submit a report of the study results to DNR, the Wisconsin Council on Forestry, and the appropriate standing committees of the Legislature.

The Great Lakes Timber Professionals Association is a non-profit 501(c)(6) organization which represents members in Wisconsin and Michigan including loggers, truckers, sawmills, paper manufacturers, private and commercial forest landowners, forestry professionals and outdoor recreational enthusiasts. Their mission statement is "to lead the forest products industry in sustainable forest management through advocacy, professionalism, service to members, education and training".

The Wisconsin County Forests Association was incorporated in 1968 as a non-stock, non-profit corporation organized under Chapter 181 of the statutes. The primary purpose of the WCFA is to provide a forum for the consideration of problems and policies of concern to the forestry committees of the county boards of each county in the state responsible for managing county forests under s. 28.10 and Chapter 77 of the statutes.

[Act 20 Sections: 286g, 286j, 532m, and 9432(1d)]

5. MANAGED FOREST LAW WITHDRAWAL

Joint Finance/Legislature: Require DNR, upon request of an owner, to withdraw at least one acre of the owner's land from the managed forest law (MFL) program, to order withdrawal of the land from the MFL program if all of the following apply: (a) the purpose for which the owner requests that the Department withdraw the land is to construct a residence; (b) the land was designated as managed forest land before October 11, 1997; (c) if the land is not subject to a city, village, town or county zoning ordinance that establishes a minimum acreage for the construction of a residence, the owner requests that the Department withdraw not more than three acres of land; and (d) if the land is subject to a city, village, town, or county zoning ordinance that establishes a minimum acreage for the construction of a residence that is more than one acre, the owner requests that the Department withdraw no more than the acreage of land

required by the applicable zoning ordinance for construction of a residence. Specify this option may only be exercised one-time per MFL parcel. Define "parcel" as the acreage of contiguous land described in the MFL application which is under the same ownership. In addition, specify that DNR may not order withdrawal of the remainder of the land under the MFL order unless the remainder fails to meet MFL program eligibility requirements.

Currently, under the MFL program, an owner of 10 or more contiguous acres of productive forest land (at least 80% of the parcel is capable of producing at least 20 cubic feet of sellable timber per acre per year) can petition DNR to enroll land in the MFL program. If the petition and corresponding forest management plan is approved, DNR issues an order designating the land as MFL for a period of 25 or 50 years. The landowner is required to follow the approved management plan throughout the period of the MFL order. If a landowner fails to follow the management plan, then DNR may withdraw the land from the program, and the landowner is subject to a withdrawal fee and withdrawal taxes. Landowners may also request that DNR withdraw land from the program, and with certain exceptions, if land is withdrawn from the MFL program before the expiration of the MFL order, the landowner must pay a withdrawal fee and withdrawal taxes. The withdrawal fee of \$300 is deposited in the forestry account. The withdrawal taxes due (calculated by the Department of Revenue) are generally the higher of either: (a) the MFL owner's past tax liability (calculated using the assessed value of the property and net tax rate in the municipality in the year prior to withdrawal multiplied by the years the land was designated as MFL); or (b) five percent of the stumpage value of merchantable timber on the land (less any acreage share and yield taxes paid by the owner). DNR remits all withdrawal taxes to the municipality where the land is located and the municipality retains 80% of the payment and remits 20% to the county. Under s. 77.88(3) of the statutes, an owner may request that DNR withdraw a portion of an MFL order if it meets one of the following requirements: (a) an entire parcel of managed forest land; (b) all of an owner's managed forest land within a quarter-quarter section (40 acres); or (c) all of an owner's managed forest land within a government lot or fractional lot as determined by the U.S. government survey plat. If any remaining land under the MFL order continues to meet the eligibility requirements of the MFL program, it may remain enrolled in the program. For Department-ordered withdrawals, NR 46.22 specifies that DNR may order withdrawal of land from the MFL program if the land comprises any of the following: (a) an entire quarter-quarter section (40 acres), government lot, or fractional lot of managed forest under the same order; (b) an entire parcel of managed forest land; (c) all managed forest land under the same order owned by the owner in a quarter-quarter section, government lot or fractional lot if the withdrawal is required as a result of a mistake by the owner.

Under the bill, the owner would be required to pay the withdrawal fee of \$300 and the withdrawal taxes on the acreage withdrawn. According to the Department, 14,435 current MFL orders were enrolled prior to October 11, 1997.

[Act 20 Sections: 1501b and 1501c]

6. NATIONAL FOREST INCOME PAYMENTS TO SCHOOL DISTRICTS

SEG	\$2,500,000
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Joint Finance/Legislature: Specify that, beginning with payments received in fiscal year 2013-14, federal National Forest Income (NFI) payments received by DNR be provided to school districts that contain national forest lands within their boundaries based on the proportion of national forest lands within the school district, rather than being distributed to towns. In addition, provide \$2.5 million SEG from the forestry account of the conservation fund in fiscal year 2013-14 only to be distributed by DNR to towns that were eligible to receive National Forest Income payments during fiscal year 2012-13, based on the proportion of national forest land located in the town.

Under federal law, local governments receive payments in lieu of taxes (PILT) for most federally-owned land within a municipality as recognition of the inability of local governments to tax the property value of federally-owned land. While this PILT program covers most categories of federally-owned land, some categories of land (such as national wildlife refuges) are covered under separate programs. In Wisconsin, the payments primarily relate to federal holdings in the 1.5 million acre Chequamegon-Nicolet National Forest, with somewhat over 1.2 million acres eligible for federal PILT payments (approximately 300,000 acres do not qualify for PILT). Payments under the general PILT program are determined by: (a) county population; (b) acres of eligible federal land in the county; and (c) payments received in the previous year under certain other federal land payment programs. Under state law, federal PILT payments are made to the state and PILT payments related to national forest land are distributed to towns based on the number of national forest acres in the town (in all other states the federal government distributes funding directly to the eligible local government). However, PILT payments for certain other types of federal lands, such as national parks, are made to the counties and are not distributed to towns (approximately \$320,000 in 2011).

In addition to PILT payments, Wisconsin also receives payments under the federal Secure Rural Schools and Community Self-Determination Act (SRS Act). Under the SRS Act, the federal government provides annual payments to states in which national forest land is located from revenue derived from national forests (primarily from timber sales). These annual national forest income (NFI) payments are received by DNR. The Department is statutorily required to distribute the payments to counties, which in turn are required by state law to distribute the payments to towns based on the proportion of national forest land located in the town. The majority of NFI funds are provided under Title I of the SRS Act. These funds are required to be utilized for improvements to roads and for public schools. In Wisconsin, 50% of the amount provided to towns is to be used for town roads. In 2012, Wisconsin Title I payments to towns totaled over \$2 million and averaged almost \$2.4 million from 2008 through 2012. The bill would provide the Title I funds to school districts rather than towns, and would delete the requirement that 50% of these funds be used for town roads.

Certain payments to towns under the general PILT program are reduced by the amount of national forest income received in the prior federal fiscal year. However, under federal law, if NFI payments are given to school districts or other single- or special-purpose districts, then the amount of those payments will not be deducted under the general federal PILT program in most

instances. Therefore, overall federal aid to the state is expected to increase with these payments being provided to school districts, rather than the current payments being made to townships. However, since the PILT formula takes into account national forest income payments received by states in the previous year, there would be a one-year delay between the transfer of NFI payments to school districts and the expected increase in federal PILT payments to townships. The \$2.5 million payment to towns in fiscal year 2013-14 would be intended to compensate towns for the loss of revenue from NFI payments during the one-year lag.

[Act 20 Sections: 280g, 280h, 286m, 500d, 1238t, 9132(2i), and 9432(1i)]

7. PARKS AND SOUTHERN FORESTS OPERATIONS -- CAMPER CABINS [LFB Paper 451]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$478,100	- \$62,100	\$416,000

Governor: Provide \$222,100 in 2013-14 (\$21,000 forestry account and \$201,100 parks account) and \$256,000 in 2014-15 (\$27,000 forestry account and \$229,000 parks account for limited-term employees (LTEs), utilities, fleet expenses and supplies to operate new facilities and campgrounds developed in recent years in the Wisconsin state park and forest systems.

Over the last several years, new facilities have been constructed to upgrade state parks and southern forests properties such as entrance and visitor stations, toilet and shower buildings, accessible cabins, and campgrounds. In some cases, properties containing these newly constructed facilities have had to absorb the maintenance and operational costs within existing budgets. In addition, several new facilities at multiple properties are under development or are beginning construction and scheduled to open in the 2013-15 biennium and will require services including electricity, sewer and water, fuel, cleaning and basic maintenance. Additional operations and maintenance funding would be provided from the parks and forestry accounts of the conservation fund. In addition to the amounts in the following table, provide \$14,100 parks SEG in 2013-14, and \$42,000 parks SEG and \$6,000 forestry SEG in 2014-15, for LTEs for maintenance and visitor services related to 40 rustic cabins to be developed in several unspecified state parks and forests (20 of these are expected to be operational for part of 2013-14 and another 20 in 2014-15). Annual funding of \$208,000 (\$21,000 forestry account and \$187,000 parks account) would be provided for operations funding for 37 state parks, two state recreation units, two state trails, and three state forest units, as follows:

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>Annual Amount</u>	<u>2013-15</u>
Amnicon Falls	Vault Toilet	\$2,500	\$5,000
	Shelter Building	1,500	3,000
Aztalan	Vault Toilet	2,500	5,000
Big Bay	Maintenance	3,000	6,000
	Vault Toilet	2,500	5,000
Big Foot Beach	Park Entrance & Visitor Station	5,000	10,000
	2 Vault Toilets	5,000	10,000
Blue Mound	Toilet/Shower Building	3,000	6,000
	Vault Toilet	2,500	5,000
Brunet Island	Toilet/Shower Building	3,000	6,000
Buckhorn	Vault Toilet	2,500	5,000
	Shelter Building	1,500	3,000
Copper Falls	Vault Toilet	2,500	5,000
	Toilet/Shower Building	3,000	6,000
Council Grounds	Shelter Building	1,500	3,000
	Unheated Storage	1,000	2,000
Devil's Lake	Toilet/Shower Building	3,000	6,000
	Flush Toilet	2,000	4,000
	Vault Toilet	2,500	5,000
	Unheated Storage	1,000	2,000
Glacial Drumlin State Trail	Vault Toilet	2,500	5,000
Governor Dodge	Bathhouse	1,000	2,000
	Toilet/Shower Building	3,000	6,000
	Shelter Building	1,500	3,000
Governor Nelson	Park Entrance & Visitor Station	2,000	4,000
Harrington Beach	Vault Toilet	2,500	5,000
	Shelter Building	1,500	3,000
Hartman Creek	Vault Toilet	2,500	5,000
	Shelter Building	1,500	3,000
High Cliff	Vault Toilet	2,500	5,000
	Toilet/Shower Building	3,000	6,000
	Shelter Building	1,500	3,000
Hoffman Hills Recreation Area	Vault Toilet	2,500	5,000
Interstate Park	Unheated Storage	1,000	2,000
	Shelter Building	1,500	3,000
Kettle Moraine State Forest -	Vault Toilet	2,500	5,000

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>Annual Amount</u>	<u>2013-15</u>
Northern Unit*	Toilet/Shower Building	\$3,000	\$6,000
	Shelter Building	1,500	3,000
Kettle Moraine State Forest- Pike Lake Unit*	Work Site Office	1,000	2,000
	Shelter Building	1,500	3,000
Kohler Andrae	Vault Toilet	2,500	5,000
	Shelter Building	1,500	3,000
	Park Entrance & Visitor Station	5,000	10,000
Kinnickinnic	Vault Toilet	2,500	5,000
Lake Kegonsa	Maintenance	3,000	6,000
	Vault Toilet	2,500	5,000
Lake Wissota	Vault Toilet	2,500	5,000
Merrick	Shelter Building	1,500	3,000
	Vault Toilet	2,500	5,000
Mill Bluff	Shelter Building	1,500	3,000
	Work Site Office	1,000	2,000
	Vault Toilet	2,500	5,000
Mirror Lake	Park Entrance & Visitor Station	5,000	10,000
Natural Bridge	Vault Toilet	2,500	5,000
Nelson Dewey	Maintenance	3,000	6,000
New Glarus Woods	Shop Equipment	3,000	6,000
Newport	Vault Toilet	2,500	5,000
	Shelter Building	1,500	3,000
	Unheated Storage	1,000	2,000
Pattison	Bathhouse	1,000	2,000
	Vault Toilet	2,500	5,000
	Shelter Building	1,500	3,000
	Heated Storage	2,000	4,000
Peninsula	Unheated Storage	1,000	2,000
	Shelter Building	1,500	3,000
	Heated Storage	2,000	4,000
	Park Entrance & Visitor Station	5,000	10,000
	Flush Toilet	3,000	6,000
	Amphitheater	500	1,000
Perrot	Unheated Storage	1,000	2,000
Point Beach State Forest*	Ranger Station	3,000	6,000
	Shelter Building	1,500	3,000

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>Annual Amount</u>	<u>2013-15</u>
Potawatomi	Vault Toilet	\$2,500	\$5,000
	Heated Storage	2,000	4,000
Red Cedar State Trail	Office Building	2,000	4,000
Richard Bong Recreation Area*	Vault Toilet	2,500	5,000
	Bathhouse	1,500	3,000
	Maintenance	3,000	6,000
Rock Island	2 Vault Toilets	5,000	10,000
	Shelter Building	1,500	3,000
Rocky Arbor	Toilet/Shower Building	3,000	6,000
	Shelter Building	1,500	3,000
	Vault Toilet	2,500	5,000
Tower Hill	Vault Toilet	2,500	5,000
Whitefish Dunes	Shelter Building	1,500	3,000
Wyalusing	Shelter Building	1,500	3,000
	Lodge	7,000	14,000
Yellowstone Lake	Vault Toilet	2,500	5,000
	Toilet/Shower Building	<u>3,000</u>	<u>6,000</u>
Total		\$208,000	\$416,000

*Funded from the forestry account.

Joint Finance/Legislature: Delete camper cabins operations funding of \$14,100 parks SEG in 2013-14 and \$48,000 SEG (\$42,000 parks SEG and \$6,000 forestry SEG) in 2014-15. Since DNR would be required to promulgate administrative rule revisions to authorize the construction of camper cabins, no cabins would be anticipated during the 2013-15 biennium.

8. PARKS AND SOUTHERN FORESTS LTE SUPPORT

SEG	\$300,000
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Governor: Provide \$150,000 annually in 2013-14 (\$100,800 parks SEG and \$49,200 forestry SEG) to provide an estimated 11,000 LTE hours at multiple state park and southern forest properties (including 33 state parks, one state trail, and four southern forest properties). Of this amount, \$25,000 forestry SEG annually would be utilized for LTE support and supplies at the Kettle Moraine State Forest Southern Unit and Lapham Peak Unit (winter) and the Rainbow Springs Unit (spring, summer, and fall). Over the last two biennia, 18.5 full-time equivalent parks positions were eliminated (4.0 GPR positions in 2009-11 and 3.99 GPR and 10.51 SEG positions in 2011-13). As full-time positions were eliminated, and as workload increased from the addition of new campgrounds at several state parks, the Bureau of Parks has relied more heavily on LTE employees to cover increased workloads. Funding would provide for additional hours for existing LTEs as well as allow the Bureau of Parks to hire additional LTEs as needed.

(The administration indicates that the intent was to provide approximately one-half of the LTE support requested by DNR. However, rather than deleting a portion of the requested LTE salary, the bill would delete permanent position salary.

Joint Finance/Legislature: Include a technical correction to the state budget system so that permanent position salary is not affected, as intended.

9. PARKS AND SOUTHERN FORESTS EQUIPMENT LEASES

SEG	\$178,200
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Governor: Provide \$89,100 each year in one-time funding (\$69,000 parks SEG and \$20,100 forestry SEG) for the third and fourth year payments of two four-year master leases for parks and southern forests equipment (a technical correction to the state budget system would be needed). Funding of \$102,500 each year was provided by 2011 Act 32 for the first and second years of a master lease for the purchase of 99 narrowband radios and a master lease for the purchase of 37 mobile data computer (MDC) units, IP Mobile-Net radios (which enable the MDCs to transmit data to Wisconsin State Patrol dispatchers), and associated equipment. The Federal Communications Commission mandated that all Very High Frequency (VHF) government radio communications move to narrow band effective January 1, 2013. Narrowband radios use 12.5 kHz channel spacing rather than 25 kHz channel spacing meaning they have double the number of channels/frequencies available for use in the same amount of electromagnetic spectrum.

Joint Finance/Legislature: Include a technical correction to the state budget system.

10. ARMED FORCES STATE PARK AND TRAIL ADMISSIONS [LFB Paper 470]

SEG-REV	-\$210,000
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Governor/Legislature: Provide an exemption to the requirement that a vehicle display a state park vehicle admission receipt to any vehicle, except a motor bus, that is in a state park vehicle admission area on Veterans Day or during the three-day weekend that includes Memorial Day and that is occupied by a resident who produces evidence that shows that he or she is a service member. Define "service member" as a person who is serving on active duty in the U.S. armed forces. In addition, specify that no admission fee to enter Heritage Hill State Park or any state trail may be charged for entry by any person who on Veterans Day or during the three-day Memorial Day weekend produces evidence that shows that he or she is a state resident and a service member. Further, provide a one-time exemption from the \$25 fee for an annual state park vehicle admission sticker to any vehicle, except a motor bus, that has Wisconsin registration plates and that is owned by a resident who produces evidence that he or she is the owner and is a service member, and a one-time exemption from the \$20 annual state trail pass fee to any resident who produces evidence that he or she is a service member. Require DNR to establish and maintain a list of service members who have received the one-time exemption from an annual state park vehicle admission sticker fee and a list of service members who have received the one-time exemption from an annual state trail pass fee.

Under current law, vehicles entering state parks or recreational sites managed by DNR parks staff (the Richard Bong Recreation Area, designated use zones within recreational areas

and southern forests, and the Wisconsin Dells natural area) are required to display an annual or daily vehicle admission receipt (admission sticker). The fees for these stickers are \$25 for a resident annual vehicle admission and \$7 for a daily admission. Currently, the fee for an annual state trail pass is \$20 for residents and non-residents. The bill would provide an exemption from state park vehicle admission stickers to active duty members of the U.S. armed forces on Veterans Day and during the three-day Memorial Day weekend. In addition, the bill would provide a one-time exemption to the fee for an annual state parks vehicle admission sticker and a one-time exemption from the fee for an annual state trail pass to active duty members of the U.S. armed forces. Under the bill, DNR would maintain a list of service members who have received the one-time exemption from the state park vehicle admission sticker fee and a list of members who have received the one-time exemption from the state trail pass fee in order to ensure that each qualifying service member receives the exemption only once.

The administration did not provide an estimate of the expected loss of revenue to the parks account of the conservation fund. Based on the number of active duty resident small game and fishing licenses sold in license year 2012, a one-time exemption from vehicle admission sticker fees and trail pass fees could result in a loss of revenue to the parks account of over \$100,000, were approximately one-fourth of current active duty members to receive a one-time exemption from the fee for both a state park vehicle admission sticker, and an annual trail pass. In addition, the Veterans' Day and three-day Memorial Day weekend exemption from daily park admission receipts could result in lost revenues to the parks account of approximately \$3,000 annually, assuming approximately 5% of active duty members visited a state park during one of those days. Lost revenues to the parks account over the 2013-15 biennium could total an estimated \$210,000 (\$105,000 annually).

[Act 20 Sections: 277 and 533 thru 544]

Air, Waste, and Contaminated Land

1. AIR PERMIT FEES -- FEDERALLY-REGULATED SOURCES [LFB Paper 475]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR-REV	\$3,300,000	\$415,200	\$3,715,200

Governor: Increase the annual fee paid by facilities that are subject to federal regulation under the Clean Air Act to operate a stationary source that emits air pollutants. Increase the annual fee from the current \$35.71 per ton of certain pollutants emitted in the previous calendar year, to \$46.71 per ton billed in 2014 (for calendar year 2013 emissions) and \$59.81 per ton in 2015 (for calendar year 2014 emissions). Specify that the fee billed in years after 2015 would

increase 4 percent per ton from the amount billed in the previous year. (A technical correction would be needed to specify that the current law fee billed in 2013 remains \$35.71 per ton of emissions.)

Retain the current annual cap on fees of 5,000 tons per pollutant per facility. Repeal the exemption from the 5,000 tons per year cap currently allowed for major utilities subject to a federal acid rain regulatory program. DNR indicates the Department has never used this exemption to assess sources for tons of emissions in excess of 5,000 tons. Thus, removing the exemption from the emissions cap would not be expected to have a revenue effect.

The fees are deposited in a program revenue appropriation for administration of permitting activities at federally-regulated sources. The administration estimates the fee increase would generate revenue of approximately \$1,500,000 in 2013-14 and \$1,800,000 in 2014-15. The fees are assessed on sulfur dioxide, nitrogen oxides and other air pollutants. In 2011-12, almost \$6.4 million was assessed on over 178,000 tons of pollutants emitted by approximately 370 federally-regulated sources. The administration estimates that, due to declining emissions, total revenue received from federally-permitted sources would hold steady at approximately \$7,225,000 in each year. The revenue would support the 66.25 currently-authorized PR positions and \$7.1 million PR annually in authorized expenditures under the bill.

The U.S. Environmental Protection Agency has delegated to DNR the authority to administer the federal air operation permit program in the state. DNR issues federal operation permits to sources, such as large factories and power plants, which emit over a certain threshold of air pollutants. The federal Clean Air Act Amendments of 1990 required states to assess fees based on the tonnage of emissions generated by a stationary source that is a federally-regulated facility under the federal operation permit program. The fees may only be used for the implementation of Clean Air Act provisions. States must demonstrate to EPA that the fees collected on emissions are adequate to cover the state's program costs associated with reducing the emissions of facilities being assessed the fee. In Wisconsin, the fees have been assessed for emissions since calendar year 1992. The fees for 1994 through 1999 were adjusted according to changes in the consumer price index. 1999 Act 9 deleted the annual consumer price index adjustment for years after 2000 and included a one-time adjustment of \$0.86 per ton, fixing the fee rate at \$35.71 per ton for 2000 and subsequent years.

Joint Finance/Legislature: Delete provision. Rather, retain the current fee of \$35.71 per ton of billable emissions. Further, add an annual flat fee for all federally-regulated stationary sources, beginning with fees assessed in 2014 for calendar year 2013 emissions, based on the tons of actual billable emissions from the facility in the prior calendar year as follows: (a) \$900 if the source emitted not more than 10 tons of billable emissions in the prior calendar year; (b) \$1,300 if the source emitted more than 10 tons but not more than 25 tons in the prior calendar year; (c) \$1,600 if the source emitted more than 25 tons but not more than 50 tons in the prior calendar year; (d) \$2,300 if the source emitted more than 50 tons and not more than 80 tons per year in the prior calendar year; and (e) \$3,000 if the source emitted more than 80 tons per year in the prior calendar year.

In addition, require federally-regulated sources to pay any or all of the following annual

fees, if applicable, beginning with fees assessed in 2014 for calendar year 2013 emissions: (a) \$960 if one or more federal maximum achievable control technology standards apply to the source; (b) \$960 if one or more federal new source performance standards apply to the source; (c) \$1,500 if federal prevention of significant deterioration permitting applies to the source; and (d) \$46,980 if the source is an electric generating source that includes a coal-fired generating unit, and the source is not publicly owned.

The Joint Finance provision would generate revenue of approximately \$1,857,600 annually over current law (an increase from the original bill estimate of \$357,600 in 2013-14 and \$57,600 in 2014-15). [However, it should be noted revised estimates indicated the original provision would have generated \$2.2 million more than originally anticipated, primarily due to extended federal timelines to meet certain emission reduction standards.]

[Act 20 Sections: 281f, 284c, 288t, 289j, and 2104w thru 2120m]

2. AIR PERMIT FEES -- STATE-REGULATED SOURCES [LFB Paper 476]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	0.00	-\$1,480,400	- 8.00	-\$1,480,400	- 8.00
PR-REV	\$1,411,000		-\$1,069,400		\$341,600	

Governor: Increase from \$300 to \$725, the annual fee paid by most facilities that are required, under state law but not federal law, to obtain a permit to operate a stationary source that emits air pollutants. The fees are deposited in a program revenue appropriation for administration of permitting activities at state-regulated sources. The administration estimates that the annual revenue increase would be \$705,500 received from approximately 1,660 facilities, and that total revenue received from state-permitted sources would be approximately \$1,785,000 annually. The revenue would fund a portion of the 20.0 currently-authorized positions and \$2,309,500 PR in adjusted base funding under the bill.

Facilities with state operation permits currently pay an annual fee of \$4,100 if the operation permit limits the source's potential to emit air pollutants so that the source is not a major source subject to federal regulation, if the operation permit includes federally-enforceable conditions that allow air emissions to be at least 80 percent and less than 100 percent of the amount that results in the source being classified as a major source subject to the federally-regulated sources air emissions tonnage fee. The bill would not change the \$4,100 fee paid by approximately 140 facilities. Other state operation permit holders pay the \$300 fee that would increase to \$725 under the bill, including facilities with a general operation permit or a registration operation permit. General operation permits have been issued for similar categories of stationary sources, including nonmetallic mineral processing facilities, printers, asphalt plants, and crushers. Stationary sources may apply for a registration operation permit if the source has less than 25 tons per year of actual air emissions of certain air pollutants, and slightly different thresholds for

certain printing facilities.

Joint Finance/Legislature: Approve an increase in the \$300 fee to \$400 (instead of \$725), for fees assessed beginning in 2013-14 and subsequent years. This would provide an estimated revenue increase of \$170,800 annually from current law (a reduction of almost \$1.1 million from the original bill).

Delete \$740,200 PR annually and 8.0 PR positions from the air state-regulated operations permit appropriation. The appropriation would retain 12.0 positions.

[Act 20 Section: 2121]

3. AIR PERMITS -- STATE REGISTRATION PERMIT

Joint Finance/Legislature: Require DNR to issue a registration permit authorizing the construction or operation, or both, for any stationary source with actual emissions that do not exceed 50 percent of any applicable major source threshold established under the federal Clean Air Act. The provision would be subject to a requirement that prohibits DNR from taking any action under air pollution control permit requirements that conflicts with the federal Clean Air Act. Currently, DNR has promulgated administrative rules that allow stationary sources to apply for a registration operation permit if the source has less than 25 tons per year of actual air emissions of certain air pollutants, and slightly different thresholds for certain printing facilities.

[Act 20 Section: 2104n]

4. AIR PERMIT EXEMPTIONS

Joint Finance/Legislature: Require DNR to exempt natural minor sources of air emissions from the requirement to obtain a state air operation permit. Specify that the provision would be subject to a requirement that prohibits DNR from taking any action under air pollution control permit requirements that conflicts with the federal Clean Air Act. Authorize DNR to promulgate administrative rules to define "natural minor sources." In general, minor sources do not have the potential to emit air pollutants that exceed thresholds to be federally-regulated as major sources, but are required under state law to obtain an air operation permit.

Require the Department to seek approval from the U.S. Environmental Protection Agency of any changes necessary to the state implementation plan that may be necessary to implement the permit exemption under the federal Clean Air Act. Require DNR to submit a report by March 1, 2015, to the Joint Committee on Finance and standing committees of the Assembly and Senate with jurisdiction over environmental matters on the progress the Department has made in exempting natural minor sources from air operation permits.

Sources of air pollutants that are exempt from the requirement to obtain an air operation permit are exempt from the requirement to pay an operation permit fee. Natural minor sources currently pay the \$300 annual fee for state-regulated sources (\$400 under the bill). To the extent

natural minor sources become exempt from the requirement to obtain a permit, they would also become exempt from paying the annual fee. DNR estimates there are almost 800 natural minor sources. It is uncertain precisely when, or how many of these facilities will become exempt from the requirements to obtain a permit and pay a fee. If all potential sources became exempt it would reduce annual revenues under the bill by up to \$320,000.

[Act 20 Sections: 2104q, 2104r, and 9132(1L)]

5. AIR PERMITS -- STATE PROCEDURAL REQUIREMENTS

Joint Finance/Legislature: Require DNR to annually contact facilities that hold air operation permits under state law, and that are not required to have air operation permits under the federal Clean Air Act, and to inform the facilities of the benefits of obtaining a registration operation permit or an exemption from an operation permit.

Require DNR to evaluate the reporting, record-keeping, and monitoring requirements for air operation permits for stationary sources that are required to have air operation permits under state law, but that are not required to have operation permits under the federal Clean Air Act. Direct DNR to promulgate rules that: (a) simplify, streamline, reduce, and make more efficient, the requirements for reporting, record-keeping, and monitoring that apply to permits required for these state-regulated air emission stationary sources; and (b) include requirements that are consistent with any applicable requirement under the federal Clean Air Act.

[Act 20 Sections: 2104i thru 2104je]

6. SHEBOYGAN AIR MONITORING STATION

GPR	\$100,000
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Joint Finance/Legislature: Provide \$70,000 in 2013-14 and \$30,000 beginning in 2014-15, in a biennial appropriation to fund the construction, operation, and maintenance of an air quality monitoring station in a county identified in its entirety as a nonattainment area for the 2008 eight-hour national ambient air quality standard for the purpose of assessing ozone concentrations under federal regulations. Authorize DNR to establish the monitoring station as a special purpose (temporary) monitor under federal regulations. Sheboygan County is the only county that would meet the location criteria in the provision.

[Act 20 Sections: 281k and 2121e]

7. VAPOR RECOVERY EQUIPMENT REMOVAL GRANT PROGRAM

SEG	\$1,000,000
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Joint Finance/Legislature: Create a grant program in DNR to reimburse gas stations for the costs of removing Stage II vapor recovery equipment. Include the following provisions: (a) provide \$1,000,000 SEG in 2013-14, in a biennial appropriation from the petroleum inspection fund; (b) specify that the eligible grant applicant would be the owner or operator of a gas station

who decommissions (removes) the Stage II vapor recovery equipment from the gas station on or after April 16, 2012; (c) specify the maximum grant would be \$8,000 per gas station; (d) require the gas station owner or operator to pay 50 percent of the eligible costs of removal of the Stage II vapor recovery equipment (eligible costs would be capped at \$16,000 per gas station); (e) direct DNR to promulgate rules for the administration of the program, and to define eligible costs in the administrative rules; (f) specify that DNR shall award grants in the order in which eligible applications are received; and (g) specify that DNR may not award a grant under the program after June 30, 2015.

DNR estimates there are approximately 846 active gas stations with Stage II vapor recovery systems, including approximately 188 that had been decommissioned as of April, 2013.

Veto by Governor [A-1]: Delete the requirement that DNR may not award a grant under the program after June 30, 2015. Under the Act, there would be no deadline for DNR to award grants to gas station owners and operators, and no base funding level continuing from the 2013-15 biennium to the 2015-17 biennium.

[Act 20 Sections: 287f and 2104k]

[Act 20 Vetoed Section: 2104k]

8. SAND MINE MONITORING [LFB Paper 478]

Governor/Legislature: Convert \$223,400 and 2.0 positions annually from FED to environmental management account SEG for the Bureau of Air Management to perform permitting, monitoring, and compliance related to rapidly expanding industrial sand mining and processing operations. The federal positions are currently authorized from air management grants from the U.S. Environmental Protection Agency, for which federal funding is insufficient to fund all of the authorized positions.

	Funding	Positions
FED	-\$446,800	- 2.00
SEG	<u>446,800</u>	<u>2.00</u>
Total	\$0	0.00

9. SMALL BUSINESS ENVIRONMENTAL ASSISTANCE PROGRAM [LFB Paper 479]

Governor/Legislature: Provide \$100,800 in 2013-14 and \$134,400 in 2014-15 from environmental fund SEG (jointly funded from the environmental management and nonpoint accounts) and 2.0 positions annually to the Office of Business Support and Sustainability (OBSS). The OBSS, previously comprised of the Bureau of Cooperative Environmental Assistance, and Office of Energy and Environmental Analysis, is attached to the Office of the Secretary. The OBSS is intended to provide a single point of contact for businesses related to environmental assistance. The two positions would provide support to the small business environmental assistance program, which helps businesses understand and comply with requirements of the federal Clean Air Act. In addition, the positions would help the OBSS expand the small business environmental assistance program to help businesses with

	Funding	Positions
SEG	\$235,200	2.00

environmental compliance with other programs, such as wastewater, groundwater, drinking water, waste, and remediation.

10. AIR AND WASTE DIVISION INFORMATION TECHNOLOGY SEG \$400,000

Governor/Legislature: Provide \$200,000 environmental management account SEG annually for information technology activities in the Division of Air and Waste. Funding would be used for infrastructure to increase permit streamlining, data integration, and electronic storage of documents.

11. TRANSFER PETROLEUM INSPECTION FUND SUPPLEMENTS TO MISCELLANEOUS APPROPRIATIONS [LFB Paper 480] SEG - \$3,409,600

Governor: Delete a total of \$1,704,800 annually in two petroleum inspection fund supplemental appropriations [\$985,000 for environmental repair and well compensation and \$719,800 for groundwater management] and the creation of appropriations totaling the same amount in miscellaneous appropriations [s. 20.855 of the statutes]. Currently, two DNR appropriations from the petroleum inspection fund are used to transfer \$1,704,800 to the environmental management account balance to provide revenue to the account. Segregated revenue expenditure authority is budgeted under various DNR appropriations, but inter-fund revenue transfers typically are not shown in the agency's budget. The request is intended to decrease DNR appropriation levels and remove a double-counting of appropriations under DNR, but to have a net zero effect on state appropriations, as shown below. Under the request, the petroleum inspection fund would continue to transfer the same amount of revenue to the environmental management account. (See "Miscellaneous Appropriations" for the corresponding appropriation increase.)

<u>Agency</u>	<u>Annual Change</u>	<u>Biennial Change</u>
DNR	-\$1,704,800	-\$3,409,600
Miscellaneous Appropriations	<u>1,704,800</u>	<u>3,409,600</u>
Total	\$0	\$0

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, combine the two appropriations into one appropriation.

[Act 20 Sections: 284b, 286b, 519, and 520]

12. TRANSFER PECFA PROGRAM FROM DSPTS [LFB Papers 575, 576 and 577]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding Positions</u>		<u>Funding Positions</u>		<u>Funding Positions</u>	
FED	\$1,623,200	10.70	-\$564,600	- 4.20	1,058,600	6.50
SEG	<u>13,443,100</u>	<u>17.80</u>	<u>3,965,600</u>	<u>- 1.00</u>	<u>17,408,700</u>	<u>16.80</u>
Total	\$15,066,300	28.50	\$3,401,000	- 5.20	\$18,467,300	23.30
PR-REV	\$150,000		\$0		\$150,000	

Governor: Provide \$811,600 FED annually, \$6,720,500 SEG in 2013-14 and \$6,722,600 SEG in 2014-15, and 10.7 FED and 17.8 SEG positions annually to transfer DSPTS responsibilities related to the petroleum environmental cleanup fund award (PECFA) program and abandoned tank removal program to DNR on the effective date of the bill. Federal funding is from the U.S. Environmental Protection Agency (EPA) leaking underground storage tank program. Segregated funding is from the petroleum inspection fund.

Currently, the petroleum environmental cleanup fund award (PECFA) program is jointly administered by DNR and DSPTS. The program reimburses owners for a portion of the costs of cleanup of contamination from leaking petroleum product storage tank systems (primarily at retail gas stations) and home heating oil systems. The abandoned tank removal program contracts for the removal of underground petroleum tanks if the tank is abandoned and the owner is unable to pay for the removal. The bill would transfer all DSPTS responsibilities related to the two programs to DNR. (See the entry under "Safety and Professional Services -- Building and Environmental Regulation" for a description of the deleted funding under DSPTS and the transferred programs.)

The bill would make a change related to the joint responsibilities of DSPTS and DNR. Currently, DNR or DSPTS, whichever agency has jurisdiction over the cleanup at a site, is required to estimate the cost of completing a site investigation and remedial action for a site. If that estimate exceeds \$60,000, DSPTS is required to implement a competitive bidding process to assist in determining the least costly method of remedial action. DSPTS may not implement the bidding process if: (a) DSPTS and DNR choose to waive the requirement if an enforcement standard is exceeded in groundwater within 1,000 feet of a well operated by a public utility, or within 100 feet of any other well used to provide water for human consumption; or (b) DSPTS or DNR waive the requirement after providing notice to the other Department. Under the bill, the references to DSPTS would be repealed but, if DNR waives the requirement under (b), DNR would have to first provide notice to the Secretary of DOA.

The bill would transfer from DSPTS to DNR, the current authority to promulgate rules for the assessment and collection of fees to recover the Department's costs for providing approval of the completion of remedial action activities at low- and medium-risk PECFA sites, and would transfer the PR appropriation for receipt of any such fees from DSPTS to DNR. DSPTS has not promulgated rules for collection of these site closure fees. DNR generally assesses \$750 for closure of a contaminated site, including a PECFA site, under its jurisdiction [under s. 292.55

(1)(c)&(2) of the statutes and NR 749], and those fees are deposited in a DNR program revenue appropriation for administration of remediation activities at contaminated properties. Under the bill, low- and medium-risk PECFA sites that become subject to DNR approval of case closure would become subject to the current DNR case closure PR fees. The statutes specify that the PECFA program may not reimburse the costs of case closure fees. The administration has made no estimate of DNR site closure fee revenues resulting from transferred sites. While it is uncertain how many DSPS low- and medium-risk PECFA sites would become subject to the site closure fees currently paid by DNR high-risk PECFA sites, it is anticipated roughly 100 low- to medium-risk sites may be closed in each of 2013-14 and 2014-15, which could generate approximately \$75,000 in PR case closure fees annually.

Joint Finance/Legislature: Approve the Governor's recommendation with the following modifications: (a) delete, instead of transferring to DNR, the duplicative DSPS authority to assess and collect fees for PECFA case closure, and the associated PR appropriation; (b) place the DNR appropriations in the proper programs, including: (1) the DNR PECFA awards and abandoned tank appropriations in environmental aids; and (2) the PECFA revenue obligation debt service with other debt service appropriations; and (c) to transfer any unexpended balance in the DSPS federal LUST appropriation to DNR on the effective date of the bill.

Delete \$282,300 FED and \$67,200 SEG annually and 4.2 vacant FED and 1.0 vacant SEG positions instead of transferring the positions to DNR.

Provide an additional \$4,100,000 SEG in 2013-14 for PECFA claims to provide \$13,200,000 for PECFA awards during the 2013-15 biennium.

[Act 20 Sections: 210b, 214, 217 thru 222, 283, 522 thru 528, 1597 thru 1599, 1634 thru 1708, 1709, 1996, 1998, 2056, 2057, 2122 thru 2125, 2127 thru 2130, 2265, 2280, 9138(7), and 9238(2L)]

13. SUPERFUND COST REIMBURSEMENT

FED-REV	- \$13,000
PR-REV	\$32,000

Governor/Legislature: Authorize DNR to enter into an agreement with a responsible party under the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, also known as Superfund) to provide management and technical support for a remedial action undertaken at a Superfund site. Require the responsible party to reimburse DNR for the Department's costs incurred under an agreement, using the hourly rate calculated under NR 750.07 (2) of the administrative code. Deposit any funds received under the provision in an existing program revenue continuing appropriation for receipt of fees related to the Department's activities related to assistance and determinations at a contaminated property. Currently, DNR charges \$100 per hour under NR 750 to persons who request certain types of technical assistance and departmental determinations related to cleanup of contaminated property. Currently, the U.S. Environmental Protection Agency (EPA) provides DNR with funding in a DNR federal appropriation for certain departmental actions at Superfund sites. EPA can choose whether to seek reimbursement of EPA or DNR costs from responsible parties. If EPA seeks reimbursement from responsible parties for DNR costs, it also bills the

responsible party for an indirect administrative overhead cost. Under the bill, DNR estimates there may be a decrease perhaps averaging \$6,500 annually in federal revenues and an increase of approximately \$16,000 annually in program revenues as DNR receives reimbursement directly from responsible parties instead of through EPA.

[Act 20 Sections: 282 and 2126]

14. DRY CLEANING LICENSE FEE DEFINITION

Governor/Legislature: Modify the definition of the dry cleaner license fee collected by the Department of Revenue so that "gross receipts" excludes any sales tax amount added to the gross receipts that a retailer has not absorbed. Currently, "gross receipts" means the sales price of tangible personal property and taxable services sold by a dry cleaning facility, but it does not include the license fee, if the facility passes along the cost of the license fee to customers. DOR collects a quarterly dry cleaner license fee from every operator of a dry cleaning facility, equal to 2.8% of the gross receipts from dry cleaning. DOR is required to issue a dry cleaning facility license to every person who pays the fee. The fee is deposited in the segregated dry cleaner environmental response fund. DNR uses the revenues to provide financial assistance awards for reimbursement of certain eligible costs of investigation and remedial action of contamination from dry cleaning solvents at current and certain former dry cleaning facilities.

[Act 20 Section: 1505]

15. DRY CLEANER ENVIRONMENTAL RESPONSE AWARDS

SEG	\$950,000
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[LFB Paper 482]

Joint Finance/Legislature: Provide \$950,000 SEG in 2013-14 from the segregated dry cleaner environmental response fund for anticipated dry cleaner environmental response program awards, to make a total of \$2,477,200 available for awards during the 2013-15 biennium.

16. TIPPING FEE REVENUE TRANSFER [LFB Papers 477, 484 and 485]

Governor: Change the allocation of the environmental repair solid waste tipping fees assessed on most solid waste, other than high-volume industrial waste, disposed of in state landfills, which is deposited in the segregated environmental fund. Increase the amount deposited in the nonpoint account by 50¢ per ton and decrease the amount deposited in the environmental management account by 50¢ per ton. The total fee per ton would not change. The administration estimates \$1.3 million in 2013-14 and \$2.6 million in 2014-15 in tipping fee revenue would shift from the environmental management account to the nonpoint account.

The environmental management account receives over 90% of its revenues from state tipping fees totaling \$9.64 per ton of most solid waste disposed of in Wisconsin. The account provides funding for: (a) recycling financial assistance to local governments; (b) DNR administration of contaminated land, brownfields cleanup, and recycling programs, including

staff in remediation and redevelopment, groundwater management, solid waste management, and central administrative programs; (c) state-funded cleanup of contaminated properties where there is no responsible party able or willing to pay for the cleanup; (d) contaminated land cleanup grants in DNR and the Wisconsin Economic Development Corporation; (e) debt service costs for general obligation bonds issued for state-funded cleanup of contaminated land and sediment; (f) debt service costs for general obligation bonds issued under the former point source water pollution abatement grant program which ended in 1990; (g) the UW System Bioenergy Initiative; (h) certain environmental and recycling programs in the Departments of Agriculture, Trade and Consumer Protection, Corrections, Health Services, Military Affairs, and in the UW System; and (i) remediation of specific sites using moneys received under court-approved settlement agreements or orders (primarily for Fox River cleanup).

Under the bill, no changes would be made in the total state tipping fee rate. Tipping fee rates under current law and the bill are shown below for most non-high volume industrial waste. (High-volume industrial waste is assessed fees that total 49.7¢ per ton rather than the \$12.997 shown in the table.)

State Solid Waste Tipping Fees Per Ton

<u>Tonnage Fees</u>	<u>Current Law</u>	<u>Governor</u>
Recycling	\$7.000	\$7.000
Environmental Repair	2.500	2.000
Groundwater	0.100	0.100
Well Compensation	<u>0.040</u>	<u>0.040</u>
Subtotal Environmental Management	\$9.640	\$9.140
 Nonpoint	 3.200	 3.700
Landfill License Surcharge	0.150	0.150
Waste Facility Siting	<u>0.007</u>	<u>0.007</u>
 Total	 \$12.997	 \$12.997

Joint Finance/Legislature: Delete the Governor's recommendation (maintain current law on the fee distribution). Instead, transfer revenue totaling \$650,000 in 2013-14 and \$1,300,000 in 2014-15, on a one-time basis during the 2013-15 biennium, from the environmental management account to the nonpoint account.

[Act 20 Section: 9132(1c)]

Water Quality

1. BALLAST WATER FEES [LFB Paper 481]

Governor: Extend the statutory ballast water fees from June 30, 2013, to June 30, 2015. Repeal the requirement that DNR promulgate administrative rules for ballast water fees to establish an application fee and annual fee amount to apply as of July 1, 2013. Under the bill, no fee would be imposed after June 30, 2015. Under 2009 Act 28, DNR was authorized to issue a general permit authorizing a vessel that is 79 feet or greater in length to discharge ballast water into the waters of the state. A general permit authorizes discharges from specified categories or classes of point sources. DNR issued a general permit for large ships that travel between Great Lakes ports, and regulates the discharge of ballast water into the Great Lakes. Under 2009 Act 28, a person must pay a \$1,200 application fee to be covered by the general permit, and an annual fee of \$345 to be paid upon initial coverage under the permit, and annually thereafter. The fees are deposited in a program revenue appropriation for administration of the ballast water discharge program.

DNR is currently required, on or before June 30, 2013, to promulgate administrative rules establishing application fees and annual fees for coverage under a general permit, that are based on DNR costs of administering and enforcing the program. The Department is currently required to charge the fees established by rule beginning on July 1, 2013. DNR has not proposed or promulgated the administrative rules required by current law. Therefore, it is uncertain what application fee and annual fee amounts would be assessed during the 2013-15 biennium under current law.

In 2011-12, DNR collected \$171,200 in program revenues, including \$89,100 from application fees, and \$82,100 from annual fees. Under the bill, the program would be authorized \$305,300 PR annually with 3.0 PR positions. DNR estimates the statutory fees would provide revenue of approximately \$103,800 in 2013-14 and \$107,200 in 2014-15.

Joint Finance/Legislature: Extend the statutory ballast water fees until December 31, 2015. DNR would not be authorized to charge fees after December 31, 2015.

[Act 20 Sections: 2103 and 2104]

2. CONTAMINATED SEDIMENT REMOVAL BONDING

BR	\$5,000,000
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Governor/Legislature: Provide \$5,000,000 BR to increase, from \$27 million to \$32 million, the amount of general obligation bonds authorized 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. Debt service costs paid from the segregated environmental management account of the environmental fund totaled \$642,400 in 2011-12, and costs are estimated at \$1.3 million in 2012-13, \$1.5 million in 2013-

14, and \$1.8 million in 2014-15.

[Act 20 Section: 482]

3. GROUNDWATER QUANTITY FUNDING REESTIMATE

PR	- \$865,200
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[LFB Paper 483]

Joint Finance/Legislature: Delete \$432,600 PR annually to reestimate, to \$0, the amount that will be spent from the appropriation for groundwater mitigation and local assistance during the 2013-15 biennium. Program revenue fees deposited in three groundwater quantity appropriations include: (a) a \$500 application fee for the approval of a high capacity well; and (b) a \$50 notification fee paid by an owner who constructs a well that is not a high capacity well. A high capacity well is a well that, together with all other wells on the same property, has a capacity of more than 100,000 gallons per day. Adjusted base funding would continue for an administrative appropriation for approval of high capacity wells, and for designation of groundwater protection and groundwater management areas. Base funding would also continue for groundwater quantity research. The appropriation for mitigation and local assistance is authorized to spend funds not used for administration and research. DNR has not spent funds from the appropriation to date and does not plan to during 2013-15.

4. CUMULATIVE ENVIRONMENTAL IMPACTS OF HIGH CAPACITY WELLS

Joint Finance: Specify that no person may challenge an approval, or an application for an approval, of a high capacity well based on the lack of consideration of the cumulative environmental impacts of the proposed high capacity well together with existing wells when approving the high capacity well permit.

The provision would apply to approvals issued by DNR and to applications for approvals of high capacity wells submitted to DNR before, on, or after, the effective date of the bill, and for applications and approvals that are the subject of a pending administrative or judicial review proceeding on the effective date of the bill.

Assembly/Legislature: Delete the effective date language (second paragraph above) and instead specify the provision would apply to applications for approvals of high capacity wells submitted to DNR on or after July 1, 2014.

[Act 20 Sections: 2092g, 9332(2L), and 9432(2L)]

5. NONPOINT ACCOUNT REVENUES

SEG-REV	- \$867,400
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Governor/Legislature: Delete \$433,700 annually from the sum-certain transfer from the state general fund to the nonpoint account of the segregated environmental fund. The transfer is budgeted at \$11,577,300 annually in 2011-13, and would be \$11,143,600 annually in 2013-15. The GPR transfer is budgeted under "Miscellaneous Appropriations."

The nonpoint account supports a number of nonpoint source water pollution abatement programs, including: (a) paying debt service on general obligation bonds used to provide grants to municipalities and landowners; (b) grants both for county land and water conservation staffing and for rural and urban best practices implementation; and (c) 37.8 total program staff in DNR and the Department of Agriculture, Trade and Consumer Protection (DATCP).

The nonpoint account also receives a portion of the state tipping fee of \$13 per ton on most solid waste, other than high-volume industrial waste, disposed of at landfills in the state.

6. TARGETED RUNOFF MANAGEMENT BONDING

BR	\$7,000,000
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Governor/Legislature: Provide an additional \$7 million in general obligation bonding authority for the targeted runoff management (TRM) program. Bonds issued under the TRM program provide cost-sharing primarily to rural landowners for installation of structural best management practices. Such practices may include vegetation or control structures to stabilize stream banks or steep land grades to abate nonpoint source pollution. The maximum state share on most best management practices is 70%, with small-scale projects capped at \$150,000 and large-scale projects capped at \$1 million. The bonding authority also can be used for grants for manure management at small and medium-sized animal feeding operations, including those that have been issued a notice of discharge (NOD) or notice of intent (NOI) to issue a notice of discharge relating to animal waste discharges.

Bonding authority for the TRM program has increased by \$7 million in each of the last three biennia, and it would increase to \$32 million under the provision. Debt service is supported by the nonpoint account of the segregated environmental fund and is budgeted at approximately \$1.3 million in 2013-14 and \$1.5 million in 2014-15.

[Act 20 Section: 480]

7. URBAN NONPOINT SOURCE BONDING

BR	\$5,000,000
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Governor/Legislature: Provide \$5 million in additional bonding authority for the urban nonpoint source and storm water management (UNPS) program. Bonds issued under the UNPS program support grants to urban municipalities for construction projects for management of runoff, including storm water discharges. UNPS construction grants generally provide 50% of the cost of installing best management practices, up to \$150,000 per project. Eligibility is limited to existing developments, as new development or redevelopment projects are ineligible.

Bonding authority for the UNPS program is shared with the municipal flood control (MFC) and riparian restoration grant program. MFC grants fund projects to: (a) convey storm water for flood-control purposes; (b) purchase or remove structures subject to repetitive flood loss or that are located in a 100-year floodplain; (c) flood-proof or elevate vulnerable structures; or (d) remove dams and other artificial structures from waterways or otherwise restore riparian areas. MFC grants may be for up to 70% of eligible costs, with individual grants limited to no more than 20% of the total available. DNR typically splits the bonding authority provided each

biennium approximately equally between programs.

An additional \$6 million has been provided for the joint UNPS/MFC bonding authorization in each of the last three biennia, and total program authorization would increase to \$46.9 million. Debt service on UNPS bonds is supported by nonpoint SEG and would be budgeted at approximately \$2.9 million in 2013-14 and \$3.2 million in 2014-15.

[Act 20 Section: 481]

8. TRANSFER COMMERCIAL CONSTRUCTION SITE EROSION CONTROL REGULATION FROM DSPS [LFB Paper 581]

Governor/Legislature: Transfer statutory authority for enforcement of erosion control standards at certain construction sites involving a public building or place of employment from the Department of Safety and Professional Services (DSPS) to DNR. Require DSPS to establish statewide standards for erosion control at building sites that have a land disturbance less than one acre in area, and that also are public buildings and buildings that are places of employment. Specify that statutory requirements for soil erosion control standards for one- and two-family dwelling sites, which DSPS is required by statute to establish, do not apply to construction sites with a land disturbance area that is one acre or more. (DSPS would continue to administer erosion control laws for construction sites that involve the construction of a public building or place of employment, or a one- or two-family dwelling, provided the site were to have a land disturbance less than one acre.)

Specify DNR is to establish, by administrative rule, minimum standards for: (a) erosion control at construction sites that have a land disturbance one acre or more in area; (b) erosion control at construction sites with a land disturbance area of less than one acre, and that do not involve one- and two-family dwellings, public buildings, or buildings that are places of employment; and (c) storm water management. Specify if DNR determines current administrative rules meet requirements for establishing minimum erosion control and storm water standards, as required by statute, the rules are to be considered as satisfying associated rule-making requirements under Chapter 281 of the statutes. Amend statutory cross-references to specify that, to provide for erosion control and storm water management in areas in its jurisdiction, a county, town, village or city exercising zoning authority may enact ordinances applying to the categories of sites for which DNR is required to establish erosion control standards. Specify that a storm water discharge permit under the Wisconsin Pollutant Discharge Elimination System (WPDES), which is required for storm water discharges from a construction site, also apply to discharges from a construction site that includes construction of a building. Provide any matter pending with DSPS as of the bill's effective date and relating to erosion control for commercial building sites or one- and two-family dwellings remains the responsibility of DSPS.

Regulatory authority for commercial construction site erosion control was transferred from DNR to the then-Department of Industry, Labor and Human Relations in 1993 Act 16, parts of which later became the former Department of Commerce. The program was transferred from the Department of Commerce to DNR in 2009 Act 28, and transferred to the Division of Safety and

Buildings in DSPTS under 2011 Act 32. Under current law, the statutes require DNR to establish minimum standards for general storm water management, as well as for erosion control at construction sites not involving construction of a public building or place of employment. DSPTS currently is responsible for establishing minimum standards for erosion control at construction sites involving construction of public buildings or places of employment.

Act 32 required the Departments to enter into a memorandum of understanding to delineate each agency's responsibilities in regulating commercial construction sites, as construction sites involving a land disturbance of one acre or larger are required under the federal Clean Water Act to be permitted for their storm water discharges. EPA has delegated wastewater and storm water permitting authority in Wisconsin exclusively to DNR. However, in July, 2011, a letter from the U.S. Environmental Protection Agency (EPA) to DNR identified the division of storm water permitting authority as being inconsistent with the EPA's delegation. As such, construction sites of one acre or more not permitted by an approved authority (DNR) risk being in violation of the Clean Water Act. The provision is intended to address issues identified by EPA and consolidate certain regulatory authority in DNR.

[Act 20 Sections: 574, 575, 1245 thru 1247, 1252 thru 1257, 1259 thru 1261, 1628, 1711, 1712, 2088 thru 2090, 2091, 2092, 2097 thru 2102, and 9138(2)]

9. UNIFORM STATEWIDE STANDARDS FOR COMMERCIAL CONSTRUCTION SITE EROSION CONTROL AND STORM WATER MANAGEMENT

Joint Finance: Specify that DNR is required to promulgate administrative rules for "uniform statewide standards" under s. 281.33 (3) of the statutes (instead of "minimum standards") for: (a) erosion control at sites that have a land disturbance one acre or more in area; (b) erosion control at construction sites with a land disturbance area of less than one acre, and that do not involve one- and two-family dwellings, public buildings, or buildings that are places of employment; and (c) storm water management.

Change all other references in s. 281.33 (3) from "minimum standards" to "uniform statewide standards." This would include: (a) standards established in cooperation with the Department of Transportation, for activities related to construction site erosion control and storm water management related to road construction activities; (b) standards for storm water management; (c) identification of low-cost practices which would enable a person to comply with the standards; (d) list of requirements in s. 281.33 (3)(b) for standards for regulation of construction site erosion control; and (e) list of requirements in s. 281.33 (3)(c) for standards for storm water management.

Prohibit local governments from enacting local ordinances for construction site erosion control or storm water management that are not in strict conformance with the uniform statewide standards included in DNR rules. This would also include standards established by the Lower Wisconsin State Riverway Board, Dane County Lakes and Watershed Commission, and Wisconsin Department of Transportation for activities regulated under the s. 281.33 uniform statewide standards.

Change a reference in s. 281.33 (3)(a)3 to specify that DNR shall "require" (rather than "encourage") a city, village, town or county to comply with "uniform statewide" (rather than "minimum") standards established by DNR rule for any construction site erosion control and storm water management zoning ordinance enacted under local authority.

Specify that if DNR determines current administrative rules promulgated under s. 281.16 (2) of the statutes prescribe performance standards that meet the requirements for establishing "uniform statewide standards" for erosion control and storm water, the Department's current rules under s. 281.16 (2), satisfy the rule-making requirements under this provision and shall apply as if they were promulgated under this provision.

Assembly/Legislature: Modify the Joint Finance provision to provide a municipality may enact and enforce a storm water management ordinance stricter than statewide uniform standards for the following purposes: (a) to control storm water quantity or local flooding; or (b) to comply with a federally approved total maximum daily load (TMDL) plan. Further, specify municipal storm water management ordinances may exceed statewide uniform standards if regulating existing development or redevelopment, as defined in administrative rule NR 151.002 (residential, commercial, industrial or institutional land uses and associated roads).

[Act 20 Sections: 575ag thru 575ar, 1246, 1252, 1255, 1259, 1568m, 2088, 2090c thru 2091j, 2092d, and 2092e]

10. WISCONSIN RIVER MONITORING AND STUDY

GPR	\$235,000
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Joint Finance/Legislature: Provide \$235,000 GPR in 2014-15 as one-time funding for monitoring underway to assess nutrient loading to the Wisconsin River. Modify the existing annual appropriation for the program to specify DNR may not encumber any funds under the appropriation after June 30, 2015. Further, specify the scope of study is from the Wisconsin River headwaters to the Castle Rock Flowage dam.

The statutes require DNR to conduct a program for the study and monitoring of nutrients such as nitrogen and phosphorus introduced to the Wisconsin River from the City of Merrill to the Castle Rock Flowage dam. The study is to inform the creation of a total maximum daily load (TMDL) plan, which is required under the federal Clean Water Act for waters the state has identified as impaired and not meeting water quality standards or designated functional uses. Statutory authorization and funding for the study began under 2009 Act 28, with funding of \$150,000 GPR annually. Under the original program authorization, no funds under the appropriation were to be encumbered after June 30, 2014. DNR expects additional funding to be used as follows: (a) \$25,000 for additional monitoring of phosphorus releases; (b) \$60,000 for pollutant load calculations; and (c) \$150,000 for studies to allocate allowable pollutant loads throughout the watershed. It is expected these activities would be carried out through contracts with the U.S. Geological Survey, the University of Wisconsin-Stout and private consultants.

[Act 20 Sections: 284d and 2087v]

11. WETLAND MITIGATION ESCROW ACCOUNTS

Joint Finance/Legislature: Require DNR to create a wetland mitigation escrow subprogram, under which persons eligible for a wetlands individual permit under s. 281.36 of the statutes may accomplish mitigation activities for wetlands-impacting activities, as required by law. Provide that persons applying for a permit may establish an escrow account under the following conditions: (a) on the date DNR issues a decision on a permit application, fewer than 10 credits are available from a wetland mitigation bank in the state approved by the U.S. Army Corps of Engineers (USACE); (b) on the date DNR issues a decision on a permit application, a statewide in-lieu fee subprogram approved by USACE is not in effect; and (c) the activity to be permitted would impact a nonfederal wetland, which is not subject to the regulatory jurisdiction of USACE. Specify wetlands escrow mitigation accounts created must adhere to the following conditions: (a) DNR must be a party to the account; and (b) a permit holder may not be authorized to withdraw funds from the account until the person is notified by DNR that wetland mitigation credits are available for purchase.

Specify DNR is to establish requirements for determining amounts to be escrowed, based on customary market rates for mitigation credits as well as any fees necessary for an escrow agent to administer the account. Require, within 30 days of notification by DNR of credit availability, a permit holder to withdraw escrowed funds and purchase mitigation credits in accordance with the wetlands individual permit. Provide that if the permit holder does not act within 30 days, DNR may withdraw escrowed funds to execute the credit purchase.

Specify that the escrow mitigation subprogram is to be discontinued upon the statewide in-lieu fee subprogram taking effect. Require DNR to close any existing mitigation escrow accounts and transfer escrowed funds to the in-lieu fee subprogram.

The provision is intended to codify a program DNR has used on a pilot basis to ensure mitigation is carried out as required under 2011 Act 118, which made various changes to statutory provisions governing DNR approvals for activities that impact state wetlands. Act 118 established general permits for several categories of discharges to wetlands, and provided activities not authorized under a general permit may seek coverage under an individual permit. Any project issued an individual permit also must conduct mitigation by any of the following means: (a) purchasing credits from a mitigation bank located in Wisconsin; (b) participating in the in-lieu fee subprogram, under which DNR would collect fees on wetland-impacting projects for use in restoring, enhancing or creating wetlands; or (c) completing mitigation within the same watershed or within one-half mile of the site of the discharge. The statutes specify the preferred means of conducting mitigation are to be purchasing bank credits or participation in the in-lieu fee subprogram. Act 118 created a program revenue continuing appropriation to receive payments under the program, as well as other restoration fees assessed against certain wetlands general permits.

DNR reports that it has begun to assemble staff and receive necessary USACE reviews and approvals to create the in-lieu fee subprogram. However, the program is not likely to be approved until perhaps late 2013 or 2014. In addition, DNR staff indicate few credits are available through mitigation banks in the state, as of mid-2013, although additional banks are

expected to begin operating beginning later in 2013. Mitigation escrow accounts, which would expire with the in-lieu fee subprogram taking effect, are intended to be an interim means of ensuring mitigation is carried out if credits are not immediately available and if the permit holder elects not to conduct a mitigation project near the wetland-impacting activity for which he or she would be responsible.

[Act 20 Sections: 284e and 2092j thru 2092u]

12. DAM SAFETY PROGRAM BONDING

BR	\$4,000,000
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Governor/Legislature: Provide \$4,000,000 in general obligation bonding authority for dam safety grants with debt service paid from a GPR sum sufficient appropriation. Debt service on \$4 million in general obligation bonds could be expected at about \$270,000 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. Dam safety grants may also be awarded to remove abandoned dams or to any dam owner to voluntarily remove their dam. A total of \$20.1 million in bonding revenues for dam safety grants has been authorized by the Legislature for this program, including \$4 million authorized by 2009 Act 28, and \$4 million authorized in 2011 Act 32. Utilizing the \$16.1 million in bonding revenues authorized by the Legislature up to and including the \$4 million authorized in 2009 Act 28, the program funded the repair or reconstruction of 87 municipally owned dams and the removal of 31 small, abandoned, or municipally owned dams. Using the \$4 million authorized in 2011 Act 32, as of July 1, 2012, the Department had awarded 15 grants for the repair or reconstruction of municipal dams and nine dam removal grants for an estimated total cost of \$3,757,500. Debt service on \$17.5 million (73%) of program bonds (including the \$4 million under the bill) is funded with general purpose revenues while debt service on the remaining \$6.6 million (27%) is funded from the water resources account of the conservation fund. In addition, under 2011 Act 32 \$6 million in stewardship program bonds is available for certain county dam safety projects.

[Act 20 Section: 483]

13. REMOTE WATER QUALITY SENSING [LFB Paper 486]

	Funding	Positions
SEG	\$170,000	1.00

Governor: Provide \$85,000 annually (\$55,000 fish and wildlife account and \$30,000 forestry account) and 1.0 four-year project position for development of a remote sensing program to measure lake water quality, in-lake vegetation, and riparian development. Remote sensing primarily involves the use of satellites to relay water quality data. The remote sensing would provide DNR with water quality data on over 8,000 lakes annually, whereas current lake monitoring efforts using field crews are limited to a small percentage of Wisconsin lakes due to

cost constraints. Funding would support the project position as well as computer hardware and software, field activities (travel, lab costs and equipment) and review and consultation meetings with NASA scientists.

Joint Finance/Legislature: Provide the funding from the water resources account, rather than the fish and wildlife and forestry accounts. (While the funding was identified in budget materials as coming from the fish and wildlife and forestry accounts, DNR indicates the funding was intended to be provided from the water resources account. The Department plans to shift the percentage split in the affected appropriation in order to fund the item entirely from the water resources account.)

14. SOUTHEASTERN WISCONSIN FOX RIVER COMMISSION

Joint Finance/Legislature: Direct DNR to provide a grant for \$200,000 in 2013-14 from the recreational boating aids grant program to the Southeastern Wisconsin Fox River Commission to support ongoing activities consistent with the organization's implementation plan, including: (a) initiating and coordinating surveys and research projects relating to the Southeastern Wisconsin Fox River Basin; (b) acting as a liaison between federal, state, and local agencies, and other organizations involved in protecting, rehabilitating, and managing water resources; and (c) providing public information relating to the Southeastern Wisconsin Fox River.

The Southeastern Wisconsin Fox River Commission was created in 1997 in order to address water resource concerns within the river system. The \$200,000 provided in 2013-14 would bring to \$1,475,000 the total amount provided to the Commission from the water resources account since its creation.

[Act 20 Sections: 286p, 286r, 9132(4u), and 9432(1u)]

15. ESTABLISH THE LAKE MICHIGAN SHORELINE IN THE CITY OF MILWAUKEE

Joint Finance/Legislature: Specify that the shoreline of Lake Michigan in the City of Milwaukee is fixed and established to extend from approximately Lafayette Place on the north to the present north harbor entrance on the south, as specified in the agreement between the City of Milwaukee and the Chicago and Northwestern Railway Company, and in conformance with the conveyance to the City of Milwaukee recorded with the Office of the Register of Deeds of Milwaukee County on April 23, 1913, in volume 662, pages 326 to 330, as document number 762955. Provide this shoreline constitutes the division between the lake bed of Lake Michigan and land that is not part of the lake bed of Lake Michigan.

Further, specify any of the restrictions, conditions, reversionary provisions or limitations imposed on the use of land or conveyance of land under earlier lakebed grants made by the Legislature for areas in the City of Milwaukee do not apply to land located west of the shoreline, as established by this provision.

Provide that in the event the boundary for the shoreline as described above may contain any portion of the lake bed of Lake Michigan, the State of Wisconsin declares the cession of such lake bed by the City of Milwaukee to a private party under the 1913 agreement, in exchange for the conveyance to the City of Milwaukee of land and riparian rights, was necessary to foster the public purposes for which the lake bed was granted to the City of Milwaukee, as affirmed by the Wisconsin Supreme Court in *City of Milwaukee v. State of Wisconsin*, 193 Wis. 423 (1927), including such public purposes as park and boulevard, breakwaters, bulkheads, piers, wharves, warehouses, transfer sheds, railway tracks, airports and other harbor facilities, together with such other uses not inconsistent with the improvement of navigation and fisheries in Lake Michigan, and the navigable waters tributary thereto, as the City of Milwaukee may deem expedient. Provide the declaration of shoreline as described above is made in lieu of, but has the same effect as, a final judgment entered by a court under Chapter 841 of the statutes regarding a declaration of an interest in real property.

Further, specify the Department of Natural Resources is not required to prepare an analysis of this legislation under s. 13.097(2) of the statutes for legislative proposals conveying an area of a lake bed.

Article IX, Section 1 of the Wisconsin Constitution, commonly referred to as the Public Trust Doctrine, provides that the state holds title to navigable waters in trust for public purposes. Chapter 30 of the statutes provides certain exemptions and permits for the placement of structures, or the conducting of other various activities, that may occur on the beds of navigable waters and may therefore impact navigation. In addition, the Legislature, as trustee of the state's navigable waters and owner of lake beds, may convey lake bed areas through the legislative process. Any subsequent activities taking place on areas so granted typically must be for public purposes, and such conveyances are statutorily required to undergo a DNR review of the proposed conveyance, the uses proposed for the conveyed areas, the effect of the conveyance on public trust use purposes, and the potential both for the grantee to manage the conveyance and for future conveyances. The legislative trusteeship of lake beds extends to any former lake beds that may have since been filled. Absent a Ch. 30 exemption or permit, or a legislative conveyance, structures generally may not impair any public rights in navigable waters.

[Act 20 Sections: 575ac and 9132(4e)]

OFFICE OF STATE EMPLOYMENT RELATIONS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
PR	\$11,286,200	\$12,004,600	\$11,984,700	\$11,984,700	\$11,984,700	\$698,500	6.2%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
PR	48.65	49.95	49.95	49.95	49.95	1.30

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
PR	\$218,800	- 1.00

Governor/Legislature: Provide adjustments to the base budget totaling \$168,800 in 2013-14 and \$50,000 in 2014-15 and -1.0 position in 2014-15. Adjustments are for: (a) removal of noncontinuing elements from the base (-\$124,200 and -1.0 position in 2014-15); (b) full funding of continuing position salaries and fringe benefits (\$164,700 annually); and (c) full funding of lease and directed moves costs (\$4,100 in 2013-14 and \$9,500 in 2014-15). In addition, under the standard budget adjustment for minor transfers within the same appropriation, \$58,000 in 2014-15 would be transferred from permanent position salaries to project position salaries.

2. SERVICES TO NONSTATE GOVERNMENTAL UNITS

	Funding	Positions
PR	\$279,500	1.30

Governor/Legislature: Provide \$119,800 in 2013-14 and \$159,700 in 2014-15 and 1.3 positions annually to expand resources for personnel services to nonstate governmental units. Under current law, OSER is authorized to provide personnel services to nonstate governmental units, including the conduct of statewide examinations to ascertain the qualifications of certain

applicants for county departments. For example, examinations are conducted for positions as social services income maintenance specialists who help manage cases for public assistance programs, including medical assistance and FoodShare. Further, OSER may conduct competitive examinations for deputy sheriff positions to be filled by appointment by the sheriff in counties with a population of less than 500,000. The Office is required, upon request of a county board, to conduct such an examination according to the methods used in examinations for the state civil service. The county for which an examination is conducted is required to pay the cost of the examination.

3. POLICY ANALYSIS POSITION

	Funding	Positions
PR	\$124,200	1.00

Governor/Legislature: Provide \$124,200 and 1.0 position in 2014-15 to provide assistance to OSER with the analysis of employment relations policy issues. This duty is currently performed by a project position that is being deleted under the standard budget adjustment for removal of noncontinuing elements from the base.

4. STATE EMPLOYEE BENEFITS COORDINATION [LFB Paper 490]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$95,900	- \$19,900	\$76,000

Governor: Provide \$41,100 in 2013-14 and \$54,800 in 2014-15 in supplies and services funding for work on the coordination of state employee benefits. Administration officials indicate that the coordination work may be performed by utilizing a reallocated vacant position or by hiring a contractor. Officials also indicate that the coordination function is intended to: (a) provide senior policy advice to OSER and the administration regarding employee benefits planning; (b) assist the state, in its role as an employer, regarding issues of fringe benefits for state employees, including leave policies; (c) act as the administration's primary liaison with the Department of Employee Trust Funds (ETF) and the Group Insurance Board regarding the design, coordination, and modification of fringe benefits for state employees, including cost sharing; and (d) coordinate the state's role as an employer with ETF, agency human resource personnel, and employee groups, regarding state employee health plans, optional benefits paid for by employees, consumer directed health care initiatives, and other related fringe benefit programs.

Joint Finance/Legislature: Modify the Governor's recommendation by requiring that the benefit coordination function be performed by an unclassified employee, and delete \$19,900 PR in 2013-14 to correct the calculation for the funding needed in 2013-14. Delete 1.0 currently vacant classified position and create 1.0 unclassified position.

[Act 20 Section: 2008m]

5. ASSISTANT DEPUTY SECRETARIES TO REPLACE CERTAIN EXECUTIVE BRANCH EXECUTIVE ASSISTANTS

Governor/Legislature: Provide that departmental secretaries may appoint an assistant deputy secretary (instead of an executive assistant, as provided under current law) to serve at his or her pleasure outside the classified service. The assistant deputy secretary would be required to perform duties as the secretary prescribes. The provision would change the title of executive assistants to departmental secretaries under current law to be assistant deputy secretaries, but would not otherwise change the law with respect to these positions.

Under current law, departmental secretaries may appoint an executive assistant to serve at his or her pleasure outside the classified service. The executive assistant is required to perform duties as the secretary prescribes. In addition, under current law, the Attorney General, the Adjutant General, the Director of the Technical College System, the State Superintendent of Public Instruction, the Chairperson of the Employment Relations Commission, and each of the Public Service Commissioners are authorized to appoint an executive assistant. Under the bill, the executive assistant title would be retained for those appointed by these officials. [Note however, that the bill would, in other provisions, eliminate the executive assistant position for the Chairperson of the Employment Relations Commission and provide the Director of the Historical Society with an executive assistant.]

[Act 20 Sections: 31, 32, 497, 1588, 2004, 2254, 2255, and 2258 thru 2260]

6. FORENSIC SCIENTIST EDUCATIONAL REQUIREMENT

Governor/Legislature: Provide that, when advertising an open position as a forensic scientist in a state or regional crime lab, the state may require as a condition of application that the applicant be a college graduate.

Under current law, when advertising openings in the classified civil service, the state may not require as a condition of application that an applicant be a college graduate unless the opening must be filled by an incumbent holding a credential, or other license, permit, certificate or registration in an occupation regulated by law, and college graduation is required to obtain the occupational credential, license, permit, certificate or registration.

[Act 20 Section: 2016]

PROGRAM SUPPLEMENTS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over	
						Base Year Doubled Amount	Percent
GPR	\$39,079,800	\$9,682,000	\$108,527,100	\$108,527,100	\$108,027,100	\$68,947,300	176.4%
FED	2,000,000	0	2,300,000	2,300,000	2,300,000	300,000	15.0
PR	1,641,000	0	10,900	10,900	10,900	- 1,630,100	- 99.3
SEG	<u>8,413,400</u>	<u>0</u>	<u>24,276,000</u>	<u>20,276,000</u>	<u>20,276,000</u>	<u>11,862,600</u>	141.0
TOTAL	\$51,134,200	\$9,682,000	\$135,114,000	\$131,114,000	\$130,614,000	\$79,479,800	155.4%

FTE Position Summary
There are no authorized positions for Program Supplements.

Budget Change Items

1. JOINT COMMITTEE ON FINANCE RESERVE FOR AGENCY SUPPLEMENTS -- DELETE 2011-13 AMOUNTS

GPR	- \$29,397,800
FED	- 2,000,000
PR	- 1,641,000
SEG	<u>- 8,413,400</u>
Total	- \$41,452,200

Governor/Legislature: Delete \$14,698,900 GPR, \$1,000,000 FED, \$820,500 PR, \$4,206,700 SEG annually to eliminate reserved funding that was authorized in the 2011-13 budget for potential use in the 2011-13 biennium. The GPR reductions include \$5,000,000 annually held in the Committee's supplemental appropriation that was designated for a statewide student information system. The funding for that system would instead be provided directly to the Department of Public Instruction under the bill. Remaining unreserved funding in the Joint Committee on Finance's supplemental appropriation would be \$133,600 GPR annually.

2. JOINT COMMITTEE ON FINANCE RESERVE FOR AGENCY SUPPLEMENTS
-- 2013-15 AMOUNTS [LFB Papers 100, 190, 201, 221, 222, 230, 310, 322, and 710]

	Jt. Finance (Chg. to Base)	Assembly/Leg. (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$98,845,100	\$0	- \$500,000	\$98,345,100
FED	2,300,000	0	0	2,300,000
PR	10,900	0	0	10,900
SEG	<u>24,276,000</u>	<u>- 4,000,000</u>	<u>0</u>	<u>20,276,000</u>
Total	\$125,432,000	- \$4,000,000	- \$500,000	\$120,932,000

Joint Finance: Add the following amounts to the reserved portions of the Committee's appropriations.

<u>Agency</u>	<u>Purpose</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Fund</u>
Administration	Capital Investment	\$25,000,000	\$0	GPR
Children and Families	Office of Inspector General	145,000	193,300	GPR
Children and Families	Electronic Benefit Transfer System	300,000	2,000,000	FED
Children and Families	Out-of-Home Care Extension for Youths	0	945,700	GPR
Corrections	Office of Inspector General	935,900	935,900	GPR
Corrections	IT Funding and Staffing	1,871,500	2,456,100	GPR
Corrections	Funding for GPS Tracking	241,200	415,100	GPR
Corrections	Funding for GPS Tracking	4,700	6,200	PR
Government Accountability Bd.	Voter Identification Position Funding	230,400	230,400	GPR
Health Services	Sheboygan Tuberculosis Response	2,508,900	2,159,000	GPR
Health Services	Family Care Enrollees Admitted to Mental Health Institutes	500,000	0	GPR
Health Services	Comprehensive Community Services	0	10,202,000	GPR
Public Instruction	Student Information System	7,100,000	0	GPR
WEDC	WEDC Marketing Funding	3,750,000	3,750,000	GPR
WEDC	WEDC 2014-15 Funding Reserve	0	35,274,700	GPR
WEDC	WEDC 2014-15 Funding Reserve	0	20,276,000	SEG
WEDC	Aircraft Company Grants	<u>2,000,000</u>	<u>2,000,000</u>	SEG
		\$44,587,600	\$80,844,400	
		\$42,282,900	\$56,562,200	GPR
		300,000	2,000,000	FED
		4,700	6,200	PR
		2,000,000	22,276,000	SEG

Assembly/Legislature: Delete \$2,000,000 SEG of annual reserved funding for WEDC aircraft company grants.

Veto by Governor [F-41]: Delete \$500,000 GPR in 2013-14 that would have been used to fund the costs of care for former Family Care enrollees admitted to the Mental Health Institutes. [See "Health Services -- Medical Assistance and Related Programs."] As a result, the reserved portion of the Committee's appropriation would be as follows:

<u>Agency</u>	<u>Purpose</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Fund</u>
Administration	Capital Investment	\$25,000,000	\$0	GPR
Children and Families	Office of Inspector General	145,000	193,300	GPR
Children and Families	Electronic Benefit Transfer System	300,000	2,000,000	FED
Children and Families	Out-of-Home Care Extension for Youths	0	945,700	GPR
Corrections	Office of Inspector General	935,900	935,900	GPR
Corrections	IT Funding and Staffing	1,871,500	2,456,100	GPR
Corrections	Funding for GPS Tracking	241,200	415,100	GPR
Corrections	Funding for GPS Tracking	4,700	6,200	PR
Government Accountability Bd.	Voter Identification Position Funding	230,400	230,400	GPR
Health Services	Sheboygan Tuberculosis Response	2,508,900	2,159,000	GPR
Health Services	Comprehensive Community Services	0	10,202,000	GPR
Public Instruction	Student Information System	7,100,000	0	GPR
WEDC	WEDC Marketing Funding	3,750,000	3,750,000	GPR
WEDC	WEDC 2014-15 Funding Reserve	0	35,274,700	GPR
WEDC	WEDC 2014-15 Funding Reserve	<u>0</u>	<u>20,276,000</u>	SEG
		\$42,087,600	\$78,844,400	
		\$41,782,900	\$56,562,200	GPR
		300,000	2,000,000	FED
		4,700	6,200	PR
		0	20,276,000	SEG

In addition to the reserved amounts shown above, unreserved funding in the Finance Committee's supplemental appropriation is \$133,600 GPR annually under Act 20.

[Act 20 Sections: 952m, 1056b, 1732m, 9106(1e), 9118(1e), and 9124(1L)]

[Act 20 Vetoed Sections: 200 (as it relates to s. 20.865(4)(a)) and 9118(5e)]

PUBLIC DEFENDER

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$164,232,200	\$169,214,700	\$169,214,700	\$169,214,700	\$169,214,700	\$4,982,500	3.0%
PR	<u>2,579,000</u>	<u>2,602,500</u>	<u>2,602,500</u>	<u>2,602,500</u>	<u>2,602,500</u>	<u>23,500</u>	0.9
TOTAL	\$166,811,200	\$171,817,200	\$171,817,200	\$171,817,200	\$171,817,200	\$5,006,000	3.0%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	574.85	574.85	574.85	574.85	574.85	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	579.85	579.85	579.85	579.85	579.85	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard adjustments totaling -\$1,639,400 GPR and \$11,700 PR in 2013-14, and -\$1,588,100 GPR and \$11,800 PR in 2014-15. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (-\$2,070,200 GPR and \$4,100 PR annually); (b) reclassifications and semiautomatic pay progression (\$4,300 GPR and \$4,600 PR annually); (c) overtime (\$211,500 GPR and \$2,800 PR annually); and (d) full funding of lease costs and directed moves (\$215,000 GPR and \$200 PR in 2013-14, and \$266,300 GPR and \$300 PR in 2014-15).

GPR	-\$3,227,500
PR	<u>23,500</u>
Total	-\$3,204,000

2. GPR EXPENDITURE REDUCTIONS

Governor/Legislature: Delete \$820,400 annually in supplies and services funding. Supplies and services funding would be reduced in the following programs: (a) \$600,000 annually from trial representation; (b) \$100,000 annually from appellate representation; (c)

GPR	-\$1,640,800
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\$80,000 annually from the administration of private bar appointments; and (d) \$40,400 annually from central administration of the Office of the State Public Defender (SPD). This would permanently implement the lapse requirements of 2011 Act 32.

3. PRIVATE BAR FUNDING REESTIMATE

GPR	\$6,200,000
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Governor/Legislature: Provide \$6,200,000 in 2013-14, as a re-estimate of required funding to pay private bar attorney costs. The SPD has trial and appellate attorneys to represent clients who qualify for SPD representation. Staff attorneys, however, do not represent all clients who qualify for SPD representation. Indigent legal defense cases are assigned by the SPD to private bar attorneys either: (a) for overflow cases in excess of what can be assigned to available staff attorneys; or (b) when a staff attorney has a conflict of interest that precludes the attorney from providing representation. Private bar attorneys are paid in two ways for accepting these cases: (a) an hourly rate of \$40 for in-court and out-of-court time; and (b) for some misdemeanor cases, a flat, per case contracted amount.

4. PAY PROGRESSION -- ASSISTANT STATE PUBLIC DEFENDERS [LFB Paper 245]

GPR	\$2,975,600
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Governor/Legislature: Provide \$997,000 in 2013-14 (\$861,300 for permanent salary increases and \$135,700 for associated fringe benefits costs), and \$1,978,600 in 2014-15 (\$1,710,400 for permanent salary increases and \$268,200 for associated fringe benefits costs), to establish pay progression compensation increases for assistant state public defenders. Provide these amounts to a new GPR annual salary adjustments appropriation under the SPD.

Create a pay progression plan for assistant state public defenders that mirrors the pay progression plan created for assistant district attorneys under 2011 Act 238. Specifically, provide that the pay progression plan must consist of 17 hourly salary steps, with each step equal to one-seventeenth of the difference between the lowest annual salary (currently \$49,429) and the highest annual salary (currently \$119,471) for assistant state public defenders contained in the state compensation plan. Under the current state compensation plan, the value of one hourly salary step for assistant state public defenders equals \$4,120 annually. The pay progression plan must be based entirely on merit.

Beginning with the first pay period that occurs on or after July 1, 2013, all assistant state public defenders who have served with the state as assistant state public defenders for a continuous period of 12 months or more, and who are not paid the maximum hourly rate, must be paid an hourly salary at the step that is immediately above their hourly salary on June 30, 2013. All other assistant state public defenders, who are not paid the maximum hourly rate, must be paid an hourly salary at the step that is immediately above their hourly salary on June 30, 2013, when they have served with the state as assistant state public defenders for a continuous period of 12 months.

Beginning with the first pay period that occurs on or after July 1, 2014, and with the first

pay period that occurs on or after each succeeding July 1, all assistant state public defenders who have served with the state as assistant state public defenders for a continuous period of 12 months or more, and who are not paid the maximum hourly rate, may, at the discretion of the State Public Defender, be paid an hourly salary at any step, or part thereof, above their hourly salary on the immediately preceding June 30. All other assistant state public defenders, who are not paid the maximum hourly rate, may, at the discretion of the State Public Defender, be paid an hourly salary at any step, or part thereof, above their hourly salary on the immediately preceding June 30, when they have served with the state as assistant state public defenders for a continuous period of 12 months. No salary adjustment for an assistant state public defender, beginning with the 2014-15 state fiscal year, may exceed 10% of his or her base pay during a fiscal year.

[Act 20 Sections: 463 and 2014]

5. EXPERT WITNESS RESOURCES FOR SEXUALLY VIOLENT PERSON COMMITMENT CASES

GPR	\$675,200
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Governor/Legislature: Provide \$337,600 annually in additional supplies and services funding to provide the Office additional resources to retain expert witnesses for sexually violent person commitment cases under Chapter 980 in which Office staff provide representation. Expert witness funding for sexually violent person commitment cases assigned to private bar attorneys has been provided as a part of the biennial estimate of the aggregate need for private bar funding.

Under current law, a petition alleging that an individual is a sexually violent person may be filed by either: (a) the Department of Justice (DOJ) at the request of the "agency with jurisdiction" (either the Department of Corrections or the Department of Health Services); or (b) a district attorney. If an individual is found guilty of a sexually violent offense, he or she is sentenced to prison, while if an individual is found not guilty of, or not responsible for, a sexually violent offense by reason of insanity or mental disease, defect, or illness, he or she is committed to an institution under the Department of Health Services (DHS). Subsequent to an individual serving a prison sentence or being released from the care of DHS for having committed a sexually violent offense, the individual may be committed to DHS as a sexually violent person based on the petition filed by DOJ or a district attorney. If, after a trial, an individual is determined to be a sexually violent person, the court must enter a judgment on the finding and commit the person as a sexually violent person. In that event, the court must order the person committed to the custody of DHS for control, care, and treatment until the person is no longer a sexually violent person. An individual committed as a sexually violent person is entitled to an annual review of the commitment and has a right to counsel at such reviews. The SPD indicates that it is experiencing a rising caseload, both for initial commitment as well as the annual reviews for commitment as a sexually violent person.

PUBLIC INSTRUCTION

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$10,324,891,800	\$10,601,436,800	\$10,735,659,000	\$10,739,877,900	\$10,735,659,000	\$410,767,200	4.0%
FED	1,540,910,000	1,547,533,100	1,547,533,100	1,547,533,100	1,547,533,100	6,623,100	0.4
PR	79,732,800	92,508,300	85,720,200	85,720,200	85,720,200	5,987,400	7.5
SEG	<u>111,435,200</u>	<u>103,547,000</u>	<u>103,547,000</u>	<u>103,547,000</u>	<u>103,547,000</u>	<u>- 7,888,200</u>	- 7.1
TOTAL	\$12,056,969,800	\$12,345,025,200	\$12,472,459,300	\$12,476,678,200	\$12,472,459,300	\$415,489,500	3.4%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	250.24	254.43	253.43	253.43	253.43	3.19
FED	305.19	291.39	291.39	291.39	291.39	- 13.80
PR	<u>80.14</u>	<u>84.14</u>	<u>81.14</u>	<u>81.14</u>	<u>81.14</u>	<u>1.00</u>
TOTAL	635.57	629.96	625.96	625.96	625.96	- 9.61

Budget Change Items

General School Aids and Revenue Limits

1. STATE SUPPORT FOR K-12 EDUCATION [LFB Paper 505]

Governor: Increase general and categorical school aids from \$4,964,390,300 in 2012-13 to \$4,965,447,100 in 2013-14 and \$5,074,712,000 in 2014-15. Compared to the 2012-13 base year, school aids would increase by \$1,056,800 (0.0%) in 2013-14 and \$110,321,700 (2.2%) in 2013-14. These proposed funding levels would represent annual changes to the prior year of 0.0% in 2013-14 and 2.2% in 2014-15.

Under the traditional definition of state funding for support of K-12 education (the sum of state general and categorical school aids, the school levy and first dollar credits, and the general program operations appropriation for the program for the deaf and the center for the blind), the

bill would increase state support from the base amount of \$5,873,000,600 in 2012-13 to \$5,873,635,100 in 2013-14 and \$5,982,900,000 in 2014-15. These proposed funding levels would represent annual changes to the prior year of 0.0% in 2013-14 and 1.9% in 2014-15.

Using the traditional definition of partial school revenues (the sum of state school aids and property taxes levied for school districts), the administration estimates that state support of partial school revenues would change from 61.9% in 2012-13 to approximately 61.3% in 2013-14 and 61.7% in 2014-15. These estimates incorporate the state support funding in the bill, which is presented in Table 1. The projections of partial school revenues would reflect the revenue limit provisions established in the 2011-13 biennial budget (2011 Act 32), which specified that the revenue limit calculation for 2012-13 would continue in the 2013-14 school year and each year thereafter, with no per pupil adjustment. In addition, Act 32 set the low revenue ceiling at \$9,100 per pupil in 2013-14 and annually thereafter. Those provisions would not be changed in the Governor's 2013-15 budget recommendation.

Joint Finance/Legislature: Increase the total amount of funding appropriated for general and categorical school aids from \$4,964,390,300 in 2012-13 to \$5,039,184,600 in 2013-14 and \$5,178,687,000 in 2014-15. Compared to the Governor's recommendations, school aids would be increased by \$73,737,500 in 2013-14 and \$103,975,000 in 2014-15. Compared to the 2012-13 base year, school aids would increase by \$74,794,300 (1.5%) in 2013-14 and \$214,296,700 (4.3%) in 2014-15. These proposed funding levels would represent annual changes to the prior year of 1.5% in 2013-14 and 2.8% in 2014-15.

Using the traditional definition of state support of K-12 education, total funding would increase from \$5,873,000,600 in 2012-13 to \$5,947,372,600 in 2013-14 and \$6,086,875,000 in 2014-15. These funding levels would represent annual changes to the prior year of 1.3% in 2013-14 and 2.3% in 2014-15. 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 61.6% in 2013-14 and 61.8% in 2014-15. A summary of the funding amounts for state support under the recommendations of the Governor and Joint Finance/Act 20 is presented in Table 1.

TABLE 1**State Support for K-12 Education**

	2012-13 <u>Base Year</u>	Governor		Joint Finance/Act 20	
		<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
General School Aids	\$4,310,488,000	\$4,353,424,600	\$4,396,790,500	\$4,358,424,600	\$4,432,790,500
Categorical Aids	653,902,300	612,022,500	677,921,500	680,760,000	745,896,500
School Levy/First Dollar Credit	897,400,000	897,400,000	897,400,000	897,400,000	897,400,000
State Residential Schools	<u>11,210,300</u>	<u>10,788,000</u>	<u>10,788,000</u>	<u>10,788,000</u>	<u>10,788,000</u>
Total	\$5,873,000,600	\$5,873,635,100	\$5,982,900,000	\$5,947,372,600	\$6,086,875,000
Change to Prior Year:					
Amount		634,500	109,264,900	74,372,000	139,502,400
Percent		0.0%	1.9%	1.3%	2.3%
Change to Base:					
Amount		634,500	109,899,400	74,372,000	213,874,400
Percent		0.0%	1.9%	1.3%	3.6%

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the Act 20 funding level for each general and categorical school aid program as compared to the 2012-13 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**

	2012-13 <u>Base Year</u>	Governor		Joint Finance/Act 20	
		<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
GPR					
General School Aids	\$4,310,488,000	\$4,353,424,600	\$4,396,790,500	\$4,358,424,600	\$4,432,790,500
Categorical Aids	603,959,200	567,079,400	630,978,400	635,816,900	698,953,400
School Levy/First Dollar Credit	897,400,000	897,400,000	897,400,000	897,400,000	897,400,000
State Residential School	<u>11,210,300</u>	<u>10,788,000</u>	<u>10,788,000</u>	<u>10,788,000</u>	<u>10,788,000</u>
GPR Subtotal	\$5,823,057,500	\$5,828,692,000	\$5,935,956,900	\$5,902,429,500	\$6,039,931,900
PR					
Categorical Aids	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500	\$1,507,500
SEG					
Categorical Aids	<u>\$48,435,600</u>	<u>\$43,435,600</u>	<u>\$45,435,600</u>	<u>\$43,435,600</u>	<u>\$45,435,600</u>
Total State Support - All Funds	\$5,873,000,600	\$5,873,635,100	\$5,982,900,000	\$5,947,372,600	\$6,086,875,000

TABLE 3

**General and Categorical School Aid by Funding Source
2012-13 Base Year Compared to Act 20**

Agency	Type and Purpose of Aid	2012-13 Base Year	Act 20		2013-15 Change Over 2012-13 Doubled	
			2013-14	2014-15	Amount	Percent
General Aid						
DPI	General School Aids	\$4,293,658,000	\$4,341,594,600	\$4,415,960,500	\$170,239,100	2.0%
	High Poverty Aid	<u>16,830,000</u>	<u>16,830,000</u>	<u>16,830,000</u>	<u>0</u>	0.0
	Total General Aid	\$4,310,488,000	\$4,358,424,600	\$4,432,790,500	\$170,239,100	2.0%
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	109,184,500	109,184,500	109,184,500	0	0.0
	SAGE--Debt Service	133,700	133,700	133,700	0	0.0
	Per Pupil Adjustment Aid	42,500,000	0	0	-85,000,000	-100.0
	Per Pupil Aid	0	63,487,500	126,975,000	190,462,500	N.A
	Pupil Transportation	23,703,600	23,703,600	23,703,600	0	0.0
	High Cost Transportation Aid	0	5,000,000	5,000,000	10,000,000	N.A
	Sparsity Aid	13,453,300	13,453,300	13,453,300	0	0.0
	Bilingual-Bicultural Education	8,589,800	8,589,800	8,589,800	0	0.0
	Tuition Payments	8,242,900	8,242,900	8,242,900	0	0.0
	Head Start Supplement	6,264,100	6,264,100	6,264,100	0	0.0
	Educator Effectiveness Grants	0	5,746,000	5,746,000	11,492,000	N.A.
	School Lunch	4,218,100	4,218,100	4,218,100	0	0.0
	County Children with Disabilities Education Bds.	4,067,300	4,067,300	4,067,300	0	0.0
	School Breakfast	2,510,500	2,510,500	2,510,500	0	0.0
	Peer Review and Mentoring	1,606,700	1,606,700	1,606,700	0	0.0
	Four-Year-Old Kindergarten Grants	1,350,000	1,350,000	1,350,000	0	0.0
	School Day Milk	617,100	617,100	617,100	0	0.0
	Aid for Transportation--Open Enrollment	434,200	434,200	434,200	0	0.0
	Cooperative Educational Service Agencies	260,600	260,600	260,600	0	0.0
	STEM Grants	0	250,000	0	250,000	N.A.
	Gifted and Talented	237,200	237,200	237,200	0	0.0
	Supplemental Aid	100,000	100,000	100,000	0	0.0
	Aid for Transportation--Youth Options	17,400	17,400	17,400	0	0.0
DOA	Debt Service on Technology Infrastructure Bonding	<u>2,279,100</u>	<u>2,153,300</u>	<u>2,052,300</u>	<u>-352,600</u>	-7.7
	Total Categorical Aid--GPR Funded	\$603,959,200	\$635,816,900	\$698,953,400	\$126,851,900	10.5%
Categorical Aid--PR Funded						
DPI	AODA	\$1,284,700	\$1,284,700	\$1,284,700	\$0	0.0%
	Tribal Language Revitalization Grants	<u>222,800</u>	<u>222,800</u>	<u>222,800</u>	<u>0</u>	0.0
	Total Categorical Aid--PR Funded	\$1,507,500	\$1,507,500	\$1,507,500	\$0	0.0%
Categorical Aid--SEG Funded						
DPI	School Library Aids	\$37,000,000	\$32,000,000	\$34,000,000	-\$8,000,000	-10.8%
DOA	Educational Telecommunications Access Support	\$11,105,100	\$11,105,100	\$11,105,100	\$0	0.0%
UW	Environmental Educ.--Forestry	\$200,000	\$200,000	\$200,000	\$0	0.0%
	Environmental Educ.--Environ. Assessments	<u>130,500</u>	<u>130,500</u>	<u>130,500</u>	<u>0</u>	0.0
	Total Categorical Aid--SEG Funded	\$48,435,600	\$43,435,600	\$45,435,600	-\$8,000,000	-8.3%
	Total Categorical Aid--All Funds	\$653,902,300	\$680,760,000	\$745,896,500	\$118,851,900	9.1%
	Total School Aid--All Funds	\$4,964,390,300	\$5,039,184,600	\$5,178,687,000	\$289,091,000	2.9%

2. GENERAL SCHOOL AIDS FUNDING LEVEL [LFB Paper 505]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$129,239,100	\$41,000,000	\$170,239,100

Governor: Provide \$42,936,600 in 2013-14 and \$86,302,500 in 2014-15 for general school aids. General school aids include equalization, integration, and special adjustment aid. General school aids funding would increase from \$4,293,658,000 in 2012-13 to \$4,336,594,600 in 2013-14 and \$4,379,960,500 in 2014-15. This would result in increases of 1.0% annually, compared to the prior year.

Joint Finance/Legislature: Provide an additional \$5,000,000 in 2013-14 and \$36,000,000 in 2014-15 for general school aids. Under Joint Finance, general aid funding would increase from \$4,293,658,000 in 2012-13 to \$4,341,594,600 in 2013-14 and \$4,415,960,500 in 2014-15. These funding levels would represent annual changes to the prior year of 1.1% in 2013-14 and 1.7% in 2014-15.

3. REVENUE LIMIT PER PUPIL ADJUSTMENT [LFB Paper 505]

Joint Finance/Legislature: Set the per pupil adjustment under revenue limits at \$75 per pupil in 2013-14 and another \$75 in 2014-15. These adjustments are estimated to increase statewide school district revenue limit authority by an estimated \$34,000,000 in 2013-14 and \$96,000,000 in 2014-15. Specify that there would be no per pupil adjustment beginning in 2015-16.

Under revenue limits, the amount of revenue a school district can raise from general school aids, computer aid, and property taxes is restricted. A district's base revenue in a given year is equal to the general aid, computer aid, and property tax revenues received in the prior school year. Base revenue is divided by the average of the district's enrollments in the prior three years to determine base revenues per pupil. The per pupil adjustment is added to the base revenue per pupil to determine the district's current year revenue per pupil. Current year revenue per pupil is then multiplied by the average of the district's current and prior two years enrollments to determine the district's initial revenue limit. Other adjustments (such as declining enrollment) are then made to the revenue limit.

[Act 20 Sections: 1893sb thru 1893st]

4. GENERAL AID CALCULATION FOR CONSOLIDATED SCHOOL DISTRICTS [LFB Paper 506]

Governor: Modify the calculation of general school aid for a consolidated school district by creating aid incentives in the sixth and seventh year after consolidation, in addition to the five years of incentives under current law. Specify that the equalization aid formula factors for a

consolidated district be increased by 10% in the sixth year after consolidation and by 5% in the seventh year after consolidation. Specify that the special adjustment aid guarantee for a consolidated district in the sixth year after consolidation be set at an amount equal to 66% of the general aid that the separate districts received in the year prior to consolidation, and that, in the seventh year after consolidation, the guarantee be set at 33% of the general aid that the separate districts received in the year prior to consolidation. Specify that these provisions would first apply to districts that are eligible to receive additional consolidation aid on the effective date of the bill.

Under current law, in calculating equalization 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 15%, which has the effect of providing additional aid to consolidated districts. Consolidated districts are also eligible for special adjustment aid in each of the first five years after consolidation, under which the new district is guaranteed to receive at least as much general aid as the separate districts received in the year prior to consolidation. If the consolidated district's general aid eligibility in any of those five years is less than that amount, special adjustment aid is paid in the amount needed to make up the difference. To the extent that consolidated districts would be eligible for additional aid under the bill provisions, it would be provided from within the total general school aids appropriation.

Joint Finance/Legislature: Modify the provision to specify that the 66% and 33% would be applied to the special adjustment aid received in the fifth year after consolidation as a result of the hold harmless provision related to the separate districts' aid payments, not to the general aid received by the separate districts in the year prior to consolidation.

[Act 20 Sections: 1883, 1884, 1888, and 9334(4)]

5. PUPIL COUNT DATE

Governor/Legislature: Provide that, if pupils enrolled in a school will not be in attendance at the school on a statutory pupil count date because of a regularly-scheduled holiday or for a reason approved by the school board, the State Superintendent would have to permit the membership count date to occur on the third weekday that follows the next school day on which school is in session.

Under current law, pupil enrollment counts for public school districts, as well as for schools in the Milwaukee and Racine parental choice programs and the Milwaukee and Racine charter school program, are taken on the third Friday of September and the second Friday of January. A third count is also taken by the Milwaukee Public Schools on the first Friday of May. If a school district is unable to hold school on any of those dates, the State Superintendent must designate alternative membership counting dates.

[Act 20 Sections: 1882, 1892, and 1893]

6. REVENUE LIMIT ADJUSTMENT FOR UNCOUNTED OPEN ENROLLMENT PUPILS [LFB Paper 507]

Joint Finance/Legislature: Modify the revenue limit adjustment for uncounted open enrollment pupils to specify that the adjustment is nonrecurring. Specify that this treatment would first apply to adjustments received by school districts in 2012-13.

Under the full-time open enrollment program, a pupil may attend a public school outside his or her school district of residence. Under 2011 Act 114, a procedure was created under which the parent of a pupil could apply to open enroll at any point in the school year, if the pupil meets certain criteria. Act 114 created a revenue limit adjustment related to certain pupils who open enroll under this procedure. This adjustment is equal to the amount of any aid transfer in the previous year for an open enrollment pupil who was not included in the district's revenue limit enrollment count on the third Friday of September in the previous school year. Under current law, this adjustment is recurring.

[Act 20 Sections: 1893w thru 1893y, and 9334(6c)]

7. REVENUE LIMIT ADJUSTMENT FOR ENERGY EFFICIENCY MEASURES

Joint Finance/Legislature: Modify the current law revenue limit adjustment for energy efficiency measures to specify that it would also apply to debt service on a state trust fund loan, rather than to only bonds and notes as under current law. Specify that, beginning in the school year beginning after the effective date of the bill, the adjustment would apply to the amount of debt service paid in the calendar year that begins on January 1 of the school year in which the school district's revenue limit is increased, rather than the debt service paid during that school year as under current law. Require that, if a district's utility costs are measurably reduced as a result of a project authorized by a school district resolution after the effective date of the bill, the district must use the savings to retire the bond or note issued or state trust fund loan obtained to finance the project.

Under the current law adjustment for energy efficiency measures, a school district's revenue limit is increased, on a nonrecurring basis, by the amount spent by the district in that year on a project to implement energy efficiency measures or to purchase energy efficient products. The project must result in the avoidance of, or reduction in, energy costs or operational costs, and be governed by a performance contract entered into under statutory municipal law provisions. The adjustment may be used for the payment of debt service on bonds and notes issued to finance the project.

[Act 20 Sections: 1893t thru 1893v, 1893z, and 9334(7i)]

8. COMMUNITY SERVICE LEVY (FUND 80)

Joint Finance: Modify current law governing the community service levy as follows:

- a. Prohibit a school district from levying more for community service activities in

2013-14 and 2014-15 than it did in 2012-13.

b. Require the board of a common school district using the community service levy in 2013-14 and 2014-15 to identify in the budget summary for its annual meeting the expenditures that will be funded from that levy and a statement of how they meet DPI's criteria for use of the community service fund. Require the board of a unified school district to specify that information in its written agenda for the meeting at which it will set the district's levy. Require the board of a first class city school district (MPS) to specify that information in its written agenda for the meeting at which it will set the amount to be communicated to the common council. Require a school district to post the 2013-14 information on its web site within 60 days of the effective date of the bill, if applicable.

c. Require a district to submit the information under (b) to DPI within 10 days of the annual meeting or the meeting at which it initially determines its levy, and require DPI to post this information on its web site within 10 days.

d. Specify, if a district subsequently modifies the amount levied for community service activities in the November setting of the levy, that the district publish any updated information under (b) in the minutes of the school board meeting at which the modification was adopted, and that the same timelines under (c) be followed for the reporting of that information.

e. Require DPI to submit a report to the Joint Committee on Finance by December 1, 2014 describing the school district levies for community service activities in 2013-14 and 2014-15.

Under current law, school districts can establish a separate fund for community service activities. The fund, sometimes referred to as "Fund 80," is used to account for activities that are not elementary and secondary educational programs, but have the primary function of serving the community (such as adult education, community recreation, and elderly food service programs). School districts are allowed to adopt a separate tax levy for this fund, which is outside of the revenue limit.

Assembly/Legislature: Modify provision to prohibit a district from levying more for community service activities in 2013-14 and 2014-15 than it did in the most recent year preceding 2013-14 in which the district levied for those activities. Provide that if a district wishes to exceed the limit on the community service levy, the school board must adopt a resolution to exceed the limit by a specified amount and submit the resolution to the electors of the district for approval. Specify that the limit otherwise applicable to the district would be increased by the amount approved by a majority of those voting on the question.

[Act 20 Section: 9134(4L)]

Categorical Aids

1. PER PUPIL AID

GPR	\$190,462,500
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Joint Finance/Legislature: Provide \$63,487,500 in 2013-14 and \$126,975,000 in 2014-15 to fund a \$75 per pupil aid payment in 2013-14 and a \$150 (\$75 more than in 2013-14) per pupil payment in 2014-15 and each year thereafter. Create a sum sufficient appropriation to make these payments, and provide that the current three-year rolling average pupil count under revenue limits would be used to calculate the aid payment. Specify that this aid would be paid on the fourth Monday in March.

[Act 20 Sections: 237m and 1751m]

2. DELETE PER PUPIL ADJUSTMENT AID APPROPRIATION

GPR	- \$85,000,000
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Governor/Legislature: Delete \$42,500,000 annually of funding that was provided in 2012-13 on a one-time basis and repeal the related appropriation for per pupil adjustment aid, effective on July 1, 2013.

A one-time categorical aid appropriation was created in 2011 Act 32, funded at \$42.5 million GPR in 2012-13, related to the \$50 per pupil adjustment provided under revenue limits in that year. A district was eligible if it levied the maximum amount allowed under revenue limits in 2012-13, excluding the carryover adjustment, in the November certification of the district's levy. An eligible district's aid payment was equal to \$50 per pupil multiplied by the district's current year three-year average enrollment under revenue limits. To the extent that a district underlevied by an amount up to an equivalent of \$50 per pupil, the aid payment was prorated accordingly. No moneys may be encumbered from the appropriation after June 30, 2013.

[Act 20 Sections: 237 and 9434(1)]

3. SCHOOL PERFORMANCE INCENTIVE GRANTS [LFB Paper 510]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$64,000,000	- \$64,000,000	\$0

Governor: Provide \$24,000,000 in 2014-15 in a new annual appropriation for the school performance incentive program--grants to high performing schools; \$30,000,000 in 2014-15 in a new annual appropriation for the school performance incentive program--grants to schools that demonstrate improvement; and \$10,000,000 in 2014-15 in a new annual appropriation for the

school performance incentive program--grants to schools that fail to meet expectations. Grant recipients would be identified according to the performance categories assigned under the Department's annual accountability report for each school in the state.

Require DPI to award a grant, beginning in 2014-15, to the school board of any school that is placed in a performance category of "significantly exceeds expectations" or "exceeds expectations" on the accountability report published for the school at the end of the preceding school year. To determine the award amounts, require DPI to divide the amount appropriated for high performing schools by the sum of the number of pupils enrolled in each school eligible to receive a grant, and multiply the quotient by the number of pupils enrolled in the school.

Require DPI to award a grant, beginning in 2014-15, to the school board of any school that increases its accountability report numeric score for the immediately preceding school year by at least three points over the prior year's numeric score. The numeric scores are used as the basis for the performance category within which each school is placed on its annual accountability report. For each school eligible to receive an award for this category, require DPI to provide a grant award according to the following calculation: (a) multiply the number of pupils enrolled in the school by the number of points by which the most recent numeric score exceeded the prior year's score; (b) divide the amount appropriated for improved schools by the sum of the products under (a); and (c) multiply the quotient determined in (b) by the number of pupils enrolled in the school. A corrective amendment would be needed to accomplish the intent of the bill.

Require DPI to award a grant, beginning in 2014-15, to the school board of any school that was placed in a performance category of "fails to meet expectations" on the accountability report published for the school at the end of the preceding school year, if: (a) the school board includes with its notice of intent to participate in this program a written school improvement plan for each school eligible to receive an award; and (b) DPI determines that the school improvement plan includes and comprehensively addresses all of the following components: (i) a plan to achieve improvements in math and reading; (ii) a plan to collaborate with a high-performing school or a high-performing school district to obtain best practices; (iii) a plan to use the educator effectiveness system developed by DPI to achieve teacher and principal improvement; (iv) a plan to make administrative or staffing changes to achieve improvement; and (v) a plan to meet goals, set jointly by the school board and the department, that are based on measurable objectives, including those included on accountability reports for the school. The bill does not specify a method that DPI would use to allocate this funding among eligible schools.

Require a school board of a school eligible to receive a school performance incentive grant to submit an intent to participate within 60 days after the Department publishes the accountability report for the school. Require school boards, by September 1, 2014, to establish a policy for the distribution of funding awarded to a school located in the district and eligible for a grant. Provide that the school board could not, in the policy, prescribe the manner in which funds awarded to a school are to be used by the school, but may identify and prioritize goals and objectives toward which the funds may be applied. Require the administrator of a school eligible to receive an award to comply with the school board policy prepared for the distribution of funding to the school under school performance incentive grant program. Upon the school administrator's compliance with the school board policy, require the school board to distribute

the full amount of the award for which the school is eligible under the performance incentive grant program.

Joint Finance/Legislature: Delete provision.

4. EDUCATOR EFFECTIVENESS EVALUATION SYSTEM
[LFB Paper 511]

GPR	\$13,583,900
PR	<u>8,619,000</u>
Total	\$22,202,900

Governor/Legislature: Provide \$6,864,600 GPR in 2013-14 and \$6,719,300 GPR in 2014-15 to implement an educator effectiveness evaluation system. Of the total, provide \$1,118,600 GPR in 2013-14 and \$973,300 GPR in 2014-15 in a new annual appropriation for agency operations, to develop and implement the educator effectiveness evaluation system. Provide \$5,746,000 GPR annually in a new annual appropriation for grants to school districts and independent "2r" charter schools to implement an educator effectiveness evaluation system developed by DPI, or an equivalency process developed by administrative rule.

Provide expenditure authority of \$4,309,500 PR annually in a new all moneys received continuing appropriation to receive district fee payments, and permit DPI may charge a fee to school districts or independent charter schools for use of the educator effectiveness evaluation system.

Under 2011 Act 166, DPI is required to develop an educator effectiveness evaluation system and an equivalency process aligned with the Department's evaluation system for teachers and principals of public schools and independent charter schools. Beginning in 2014-15, each school board and governing body of each independent charter school must evaluate their teachers and principals. The evaluation system framework must base 50% of the total evaluation score for each teacher and principal on measures of student performance, including performance on state assessments, district-wide assessments, student learning objectives, school-wide reading at the elementary and middle school levels, and graduation rates at the high school level. The other 50% of the total evaluation score must be based upon one of the following: (a) for a teacher, the extent to which the teacher's practice meets the core teaching standards adopted by the 2011 Interstate Teacher Assessment and Support Consortium; (b) for a principal, the extent to which the principal's practice meets the 2008 Interstate School Leaders Licensure Consortium Educational Leadership Policy Standards. A teacher or principal so evaluated must be placed in one of multiple performance categories. DPI is also required to promulgate by rule an equivalency process, for use by school districts and independent charter schools that choose to use an alternative evaluation process. The process must be based on the same criteria as specified for the statutory system, and must evaluate teachers on planning and preparation, the classroom environment, instruction, and professional responsibilities and development.

[Act 20 Sections: 227, 231, 243, 1748, and 1749]

5. REESTIMATE SCHOOL LIBRARY AIDS

SEG - \$8,000,000

Governor/Legislature: Reestimate school library aids by -\$5,000,000 in 2013-14 and -\$3,000,000 in 2014-15. Base level funding is \$37,000,000 annually. Revenues are from interest earned on the segregated Common School Fund, administered by the Board of Commissioners of Public Lands.

6. PUPIL TRANSPORTATION PAYMENT AMOUNT

Governor/Legislature: Provide that the reimbursement rate for pupils transported over 12 miles between home and school be increased from \$220 to \$275 per pupil beginning with the 2013-14 school year. No funding is associated with this change, as it is estimated that base level funding would be sufficient to fund the higher rate. The current law reimbursement rates are shown in the following table.

<u>Mileage</u>	<u>Current Law (Full Year)</u>
0-2 miles (hazardous area)	\$15
2-5 miles	35
5-8 miles	55
8-12 miles	110
Over 12 miles	220

[Act 20 Section: 1891]

7. HIGH COST TRANSPORTATION AID

GPR \$10,000,000

Joint Finance/Legislature: Provide \$5,000,000 annually for a new high cost transportation categorical aid program to reimburse transportation costs that exceed 150% of the statewide average per member. Require DPI to pay each school district the amount determined as follows: (a) divide the statewide school district transportation costs in the previous year by the statewide membership in the previous year and multiply the quotient by 1.5; (b) divide the school district's transportation costs in the previous school year by the school district's membership in the previous year; (c) subtract the product under (a) from the quotient under (b); (d) if positive, multiply each positive remainder under (c) by that district's membership; (e) divide the district's result under (d) by the sum of the positive results under (d) for all other districts; and (f) multiply the quotient under (e) by the amount appropriated for this purpose.

[Act 20 Sections: 238g, 238r, and 1891m]

8. STEM GRANTS

GPR \$250,000

Joint Finance/Legislature: Provide \$250,000 in 2013-14 in a new biennial appropriation to award grants to school boards and independent "2r" charter schools for the enhancement of

science, technology, engineering, and mathematics courses. Specify that DPI could not award a grant unless the recipient provides matching funds equal to at least 25% of the amount of the grant.

[Act 20 Sections: 242m and 9134(5q)]

Choice, Charter, and Open Enrollment

1. MILWAUKEE AND RACINE PARENTAL CHOICE PROGRAMS -- CURRENT LAW REESTIMATE

GPR	\$41,550,900
Aid Reductions	<u>15,955,500</u>
Net GPR	\$25,595,400

Governor/Legislature: Provide \$15,138,700 in 2013-14 and \$26,412,200 in 2014-15 in funding for the Milwaukee and Racine parental choice programs to reflect increased pupil participation in the programs under current law.

For the Milwaukee parental choice program, \$13,528,200 in 2013-14 and \$23,191,200 in 2014-15 over the base year funding of \$150,742,800 would be provided in the appropriation for payments to schools in the program. This would reflect an increase in pupil participation under current law from 23,400 pupils in 2012-13 to an estimated 25,500 pupils in 2013-14 and 27,000 pupils in 2014-15.

For the Racine parental choice program, \$1,610,500 in 2013-14 and \$3,221,000 in 2014-15 over the base year funding of \$3,221,000 would be provided in the appropriation for parental choice programs in eligible districts. This would reflect an increase in pupil participation under current law from 500 pupils in 2012-13 to an estimated 750 pupils in 2013-14 and 1,000 pupils in 2014-15.

Under current law, the estimated cost of the payments from each choice program appropriation is partially offset by a net reduction (after consideration of aid paid to the City of Milwaukee to defray the choice levy) in the general school aids otherwise paid to the Milwaukee Public Schools (MPS) and the Racine Unified School District (RUSD) by an amount equal to 38.4% of the total cost of each choice program. Under revenue limits, MPS and RUSD 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).

For the Milwaukee program, the MPS choice reduction would increase by \$5,194,800 in 2013-14 and \$8,905,400 in 2014-15 over the base choice reduction amount of \$57,885,200 as a result of this reestimate. The net general fund fiscal effect for the Milwaukee program would be increased expenditures of \$8,333,400 in 2013-14 and \$14,285,800 in 2014-15.

For the Racine program, the RUSD choice reduction would increase by \$618,400 in 2013-14 and \$1,236,900 in 2014-15 over the base choice reduction amount of \$1,236,900 as a result of

this reestimate. The net general fund fiscal effect for the Racine program would be increased expenditures of \$992,100 in 2013-14 and \$1,984,100 in 2014-15.

2. MILWAUKEE AND RACINE PARENTAL CHOICE PROGRAMS -- PER PUPIL PAYMENTS [LFB Paper 515]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$21,085,000	\$3,673,600	\$24,758,600
Aid Reductions	<u>8,096,600</u>	<u>1,410,700</u>	<u>9,507,300</u>
Net GPR	\$12,988,400	\$2,262,900	\$15,251,300

Governor: Set the maximum per pupil payment for the Milwaukee and Racine parental choice programs at \$6,442 per pupil in 2013-14, regardless of the pupil's grade. Set the maximum per pupil payment in 2014-15 and each year thereafter at \$7,050 for a pupil enrolled in a grade from kindergarten to 8 and to \$7,856 for a pupil enrolled in a grade from 9 to 12. This would result in annual increases under the bill of 0.0% in 2013-14 and 9.4% for pupils in grades K-8 and 21.9% for pupils in grades 9-12 in 2014-15.

Delete the provision under which, beginning in 2013-14, the maximum per pupil payment in a given year be set equal to the maximum payment in the previous school year adjusted by the percentage change, if positive, in the general school aids appropriation from the previous school year to the current school year.

Provide \$21,085,000 in 2014-15 in funding as a result of increasing the maximum per pupil payment under the programs. Of that funding, \$20,332,000 in 2014-15 would be provided in the appropriation for payments for the Milwaukee program and \$753,000 in 2014-15 would be provided in the appropriation for parental choice programs in eligible districts for the Racine program. These amounts assume that 82% of choice students would be enrolled in grades K-8 and 18% would be enrolled in grades 9-12.

Under current law, the estimated cost of the payments from each choice program appropriation is partially offset by a net reduction (after consideration of aid paid to the City of Milwaukee to defray the choice levy) in the general school aids otherwise paid to the Milwaukee Public Schools (MPS) and the Racine Unified School District (RUSD) by an amount equal to 38.4% of the total cost of each choice program. Under revenue limits, MPS and RUSD 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).

For the Milwaukee program, the MPS choice reduction would increase by \$7,807,500 in 2014-15, while the net general fund fiscal effect would be increased expenditures of \$12,524,500 in 2014-15. For the Racine program, the RUSD choice reduction would increase by \$289,100 in 2014-15, and the net general fund fiscal effect would be increased expenditures of \$463,900 in 2014-15.

Under the bill, total funding for the Milwaukee program would increase from \$150,742,800 in 2012-13 to \$164,271,000 in 2013-14 and \$194,266,000 in 2014-15 as a result of both the increased pupil participation summarized in the prior item and the per pupil payment increase. Total funding for the Racine program would increase from \$3,221,000 in 2012-13 to \$4,831,500 in 2013-14 and \$7,195,000 in 2014-15.

Joint Finance: Modify the Governor's proposal to set the maximum payment for a K-8 pupil in 2014-15 at \$7,210. Also, specify that, beginning in 2015-16, the maximum per pupil payments in a given year be set equal to the maximum payment in the previous school year plus the revenue limit per pupil adjustment, if positive, provided to school districts in the current year plus the change in total categorical aid funding per pupil, if positive, from the prior year to the current year.

Specify that DPI may not determine separate costs for pupils enrolled in grades K-8 and for pupils enrolled in grades 9-12. Specify that, beginning in 2014-15, if a private school enrolls pupils under the choice programs in any grade between K-8 and also in any grade between 9-12, the maximum payment per pupil for that school would be an amount determined by: (a) multiplying the number of choice pupils enrolled in the school in any grade between K-8 by the maximum payment amount for those grades; (b) multiplying the number of choice pupils enrolled in the school in any grade between 9-12 by the maximum payment amount for those grades; (c) adding those two amounts together; and (d) dividing that sum by the total number of choice pupils enrolled in the school.

As a result of the change to the K-8 payment in 2014-15, funding for the Milwaukee program would increase by \$3,542,400 in 2014-15, the MPS choice reduction would increase by \$1,360,300, and the net general fund fiscal effect would be increased expenditures of \$2,182,100. Funding for the Racine program in 2014-15 would increase by \$131,200, the RUSD choice reduction would increase by \$50,400, and the net general fund fiscal effect would be increased expenditures of \$80,800.

Under Act 20, total funding for the Milwaukee program would increase from \$150,742,800 in 2012-13 to \$164,271,000 in 2013-14 and \$197,808,400 in 2014-15 as a result of both the increased pupil participation summarized in the prior item and the per pupil payment increase. Total funding for the Racine program would increase from \$3,221,000 in 2012-13 to \$4,831,500 in 2013-14 and \$7,326,200 in 2014-15.

Assembly/Legislature: Clarify the calculation of the payments and of educational costs for purposes of the choice programs, to accommodate the differing payment amounts that would apply beginning in 2014-15 to pupils attending K-8 (\$7,210) and 9-12 (\$7,856). The Assembly provision would not have a substantive effect, but would modify the wording of the bill relating to the payments received by each participating school, to more clearly describe the calculations DPI must make to determine each school's payment.

[Act 20 Sections: 1849 thru 1852, 1853, 1856, 1857, 1864 thru 1867, 1868, 1869, 1873, and 1876]

3. MILWAUKEE AND RACINE PARENTAL CHOICE PROGRAMS -- SCHOOL DISTRICT AID REDUCTIONS

GPR	\$0
Aid Reductions	<u>- 22,585,000</u>
Net GPR	\$22,585,000

Joint Finance/Legislature: Beginning in 2013-14, reduce the Milwaukee Public Schools (MPS) aid reduction percentage for the Milwaukee program by 3.2 percentage points per year. This would establish a 12-year phase-out of the current MPS aid reduction, after which the program would be fully state funded. In the 2013-15 biennium, the percentage of the estimated cost of the Milwaukee program by which the aid that would otherwise be paid to MPS is reduced would be 35.2% in 2013-14 and 32.0% in 2014-15.

Also, delete the current law provision under which aid that would otherwise be paid to Racine Unified School District (RUSD) be reduced by 38.4% of the estimated cost of the Racine program.

Under current law, the estimated cost of the payments from each choice program appropriation is partially offset by a net reduction (after consideration of aid paid to the City of Milwaukee to defray the choice levy) in the general school aids otherwise paid to MPS and RUSD by an amount equal to 38.4% of the total cost of each choice program. Under revenue limits, MPS and RUSD 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).

As a result of this provision, and after consideration of the per pupil payment provision above, the MPS aid reductions would decrease by \$5,256,700 in 2013-14 and \$12,659,700 in 2014-15. The RUSD aid reduction would decrease by \$1,855,300 in 2013-14 and \$2,813,300 in 2014-15. The net general fund fiscal effect would be to increase expenditures by \$7,112,000 in 2013-14 and \$15,473,000 in 2014-15.

[Act 20 Sections: 1884p thru 1887g]

4. EXPANSION OF PARENTAL CHOICE PROGRAM FOR ELIGIBLE SCHOOL DISTRICTS [LFB Paper 516]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Assembly/Leg. (Chg. to JFC)	Veto (Chg. to Leg.)	Net Change
GPR	\$10,416,000	\$131,200	\$4,218,900	- \$4,218,900	\$10,547,200
Aid Reductions	<u>3,999,800</u>	<u>- 3,999,800</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net GPR	\$6,416,200	\$4,131,000	\$4,218,900	- \$4,218,900	\$10,547,200

Governor: Modify the current law statutory language for the parental choice program for eligible school districts (under which the Racine parental choice program currently operates) to create a two-step process under which choice programs substantially similar to the Racine program could be created in additional school districts.

The first step would involve a district being identified as an eligible school district. Specify that a district would be identified as an eligible school district if it satisfies both of the

following criteria: (a) the number of pupils enrolled in the district, as counted on a full-time equivalency basis, is at least 4,000; and (b) two or more public schools in the district in the same school year were placed in a performance category of either "fails to meet expectations" or "meets few expectations," or the equivalent lowest performance categories, on an accountability report issued by the Department, under another provision of the bill. Based on membership data used in calculating general school aids in 2012-13 and DPI accountability data for 2011-12, nine districts would meet these criteria (Beloit, Fond du Lac, Green Bay, Kenosha, Madison, Sheboygan, Superior, Waukesha, and West Allis-West Milwaukee). If more recent membership or accountability data would become available later this year, the list of identified eligible school districts could differ.

Require the Department, within ten days after it publishes accountability reports, to publish a notice on its website that lists the districts that meet the two criteria to be identified as eligible school districts for a choice program for the immediately following school year. Require the Department to notify the school district clerk of an identified district, in writing, of this identification. Specify that pupils who reside in a district identified as an eligible school district may not attend a private school through a choice program until that district qualifies as an eligible school district.

The second step would involve a district qualifying as an eligible school district. Specify that a district qualifies as an eligible school district if, no later than August 15 immediately following the date on which the Department identified the district as an eligible school district, at least 20 pupils who reside in the district apply to attend a choice school under the program and simultaneously notify the Department that they have applied to attend a choice school. Specify that pupils applying to attend a choice school that is a first-time participant in the program and that has not obtained preaccreditation could not be counted towards the 20 pupils required for a district to qualify as an eligible school district.

Require the Department, no later than five days after receiving notice from private schools regarding acceptance of pupils in a first-year program, to determine whether an identified district qualifies as an eligible school district. Require the Department to publish on its website a list of qualifying eligible school districts. Specify that a district that qualifies as an eligible school district would remain qualified in subsequent school years.

If fewer than 20 pupils who reside in the district apply to attend a choice school under the program in a given year, a district would still remain identified as an eligible school district, even though a choice program would not be operating in the district. Specify that such a district would no longer be identified as an eligible school district if, at the time at which any subsequent accountability reports are published by the Department, fewer than two schools in the district are placed in a performance category of "fails to meet expectations" or "meets few expectations," or the equivalent lowest performance categories. Require the Department to remove such a district from the list of identified districts on its website within ten days after the Department publishes the subsequent accountability reports. Require the Department to notify the school district clerk in writing of the change in eligibility status. Specify that a change in eligibility status does not preclude a district from being identified as an eligible school district in a subsequent school year.

Specify that no more than a total of 500 pupils in 2013-14 and 1,000 pupils in 2014-15,

counted on a full-time equivalency basis, residing in school districts that qualify as eligible school districts may attend choice schools under the program. Under the bill, there would be no limit on the number of pupils who could participate in the expanded program beginning in 2015-16. Based on the maximum per pupil payments and the participation limits under the bill, provide \$3,221,000 in 2013-14 and \$7,195,000 in 2014-15 in the appropriation for payments under the parental choice program for eligible school districts. Under the net 38.4% general aid reduction that is currently made to the aid otherwise paid to eligible districts, the total aid reduction for eligible school districts would be \$1,236,900 in 2013-14 and \$2,762,900 in 2014-15. The net general fund fiscal effect would be \$1,984,100 in 2013-14 and \$4,432,100 in 2014-15. A corrective amendment would be needed to accomplish the intent of the aid lapse provision.

Require participating schools to give priority in the 2013-14 school year to pupils who were eligible for a free or reduced-price lunch in the federal school lunch program in the immediately preceding school year. Require participating schools to give priority in the 2014-15 school year to pupils who attended a school through the program in the prior school year. Require that, whenever the State Superintendent determines that the limit has been reached in either year, he or she issue an order prohibiting participating schools from accepting additional pupils under the program until he or she determines that the number of pupils attending participating schools under the program has fallen below the limit. If the number of pupils attending schools under the program falls below the limit, require the State Superintendent to issue an order notifying participating schools that they can begin accepting additional pupils. After an order had been issued, require that: (a) first priority for accepting new pupils be given to pupils attending participating schools under the program; (b) second priority be given to the siblings of choice pupils attending a choice school; and (c) third priority be given to pupils selected at random under a procedure established by DPI in administrative rule.

Require a participating school, or a school that is a first-time participant in the program that intends to participate in the program in the first school year in which a district is identified as an eligible school district, to notify the State Superintendent of its intent to participate in the program and pay the auditor fee by August 1 of the school year in which the school intends to participate. Require the notice to specify the number of pupils participating in the program for which the school has space.

Require a choice school that has notified the Department of its intent to participate in the program in the first school year in which a school district is identified as an eligible school district to notify each applicant, in writing, whether his or her application has been accepted within seven days after receiving the application. Require the school to simultaneously notify the Department whether the pupil has been accepted.

Specify that a school that is a first-time participant in the parental choice program for eligible school districts and that is not accredited by one of the statutorily-authorized accrediting agencies obtain preaccreditation by August 1 before the first term of participation (consistent with the Milwaukee program) or by August 15 before the first term of participation in the program that begins in the first school year that begins after a district is identified as an eligible school district.

Repeal the statutory language under which pupil participation in the Racine program was limited to 250 pupils in 2011-12 and 500 pupils in 2012-13. Under current law, there is no limit on the number of pupils who may participate in the Racine program beginning in 2013-14.

Joint Finance: Delete the Governor's provision. Instead, specify that no more than 500 pupils in 2013-14 and 1,000 pupils in 2014-15 and in each year thereafter, counted on a full-time equivalency basis, residing in school districts other than MPS and RUSD, would be able to attend a choice program substantially similar to the Racine parental choice program. Specify that, in any school year, no more than 1% of the pupil membership of a school district, other than MPS and RUSD, may attend a private school under the expanded choice program.

Specify that a pupil's total family income could not exceed 185% of the federal poverty level to be eligible for the expanded program. Provide that a pupil's income eligibility be verified as under the current law choice programs (including the provisions that family income includes the income of the pupil's parents or legal guardians and that family income be reduced by \$7,000 before the verification is made if the pupil's parents or guardians are married). Specify that the prior year attendance criteria for pupils in the Racine program would not apply to pupils in the expanded program.

Require a private school that intends to participate in the expanded program in the 2013–14 school year to notify the Department of its intent to participate in the program and to pay the auditor fee by July 26, 2013. Require the private school to include an electronic mail address on the notice of intent to participate and to specify the number of pupils for which the school has space. Require the Department to notify the private school that it has received the notice of intent to participate in writing and by electronic mail by July 31, 2013.

Specify that a school that has submitted a notice of intent to participate for the 2013-14 school year may begin accepting applications from pupils beginning on August 1, 2013. Require each school that has received applications to report to the Department, by August 9, 2013, the name of each pupil who has applied to attend the school through the choice program, the total number of pupils that have applied to attend the school through the choice program, the names of those applicants that have siblings who have also applied to attend the school through the choice program, and the number of such sibling applicants.

In the 2014–15 school year and each school year thereafter, specify that a private school that has submitted a notice of intent to participate by the current law February 1 deadline may accept applications between February 1 and April 20 from pupils under the expanded program for the following school year. Require each school that has received applications to report to the Department, by May 1, 2014, and by May 1 of each school year thereafter, the same information about applicants as described in the preceding paragraph.

Upon receipt of the application information each year, require the Department to determine the total number of applicants for the expanded program. Specify that, in determining the total, the Department must count a pupil who has applied to attend more than one school only once.

If the number of total applicants in any year is less than the pupil participation limit for that year, require the Department to immediately notify the private schools that all applicants

reported may be accepted into the private schools under the expanded program for that school year. Specify that a school that has been authorized to accept pupils may accept additional applications under the expanded program from pupils only during the periods that apply under the Racine program. Require a school that accepts additional applications to notify the Department each time it receives an application. If, upon receipt of such a notice, the Department determines that the total number of pupils who have applied to attend schools will exceed the pupil participation limit for that year, require the Department to establish and administer a waiting list.

If there are more than 500 total applicants in the 2013-14 school year, require the Department to notify the 25 schools that received the most applications that they may accept pupils under the expanded program. Upon the request of the school, require the Department to include in its count of 25 schools more than one unique campus location of a private school operating under one federal tax identification number if each such campus location otherwise qualifies to be included in the count. Require the Department to allocate 10 pupil slots to each of the 25 schools and to fill each slot by random drawing. Require that, if a pupil chosen by random drawing has a sibling that applied to the private school, then the next available slot shall be filled by the sibling. Require the Department to fill the remaining 250 spaces by random drawing from applications submitted to those 25 schools. Require that, if a pupil chosen by random drawing has a sibling that applied to the private school, then the next available slot shall be filled by the sibling.

If there are more than 1,000 total applicants in the 2014-15 school year or any school year thereafter, require the Department to allocate to those schools that participated in the program in the preceding school year the same number of slots held by pupils participating in the program in that school year. Require the Department to allocate the remaining slots to those private schools that received the most applications in the manner provided for in 2012-13.

If the number of total applicants in any year is greater than the pupil participation limit for that year, or if the limit is subsequently reached during the year, require the Department to establish and maintain a waiting list for those applicants who were not selected in a random drawing and to give preference to siblings. Require a private school that has accepted pupils under the expanded program to notify the Department whenever it determines that a pupil will not attend the school under this program. Require the Department to fill any such available slot with a pupil selected at random from the waiting list, except that preference must be given to a sibling of a pupil who is attending the school under the expanded program.

Provide that, in order for a school to participate in the expanded program in the 2013-14 and 2014-15 school years, it must have been operating as a private school on May 1, 2013. Provide that a school that satisfies all of the following would be exempt from the requirement to obtain preaccreditation: (a) the school is a first-time participant in the program in the 2013-14 or 2014-15 school years; (b) the school is not accredited by a statutorily-authorized accrediting agency; (c) the school accepts pupils under the expanded program; and (d) the school does not accept pupils under the Milwaukee or Racine programs. Specify that in future years, preaccreditation must be obtained by August 1 for schools new to the program.

In 2013-14, establish a September 1 deadline, rather than August 1 as in following years,

for the required certificate of occupancy, evidence of financial viability, and administrator participation in a DPI fiscal management training program. Specify that the current law provisions allowing a waiver from the bachelor's degree requirement for teachers would apply to teachers employed by a school in the expanded program on July 1, 2013, and that waivers would not be valid after July 31, 2018.

Delete obsolete statutory references to auditor fees in 2011-12 and pupil participation limits in Racine in 2011-12 and 2012-13.

Specify that there would be no school district aid reduction related to the expanded program. As a result of this provision, and after consideration of the per pupil payment provision summarized in a separate item, funding for the expanded program would increase by \$131,200 in 2014-15. District aid reductions would decrease by \$1,236,900 in 2013-14 and \$2,762,900 in 2014-15. The net general fund fiscal effect would be increased expenditures of \$1,236,900 in 2013-14 and \$2,894,100 in 2014-15.

Assembly/Legislature: Make the following modifications to the Joint Finance provisions related to the expanded choice program:

Specify that a school that participated in the Milwaukee or Racine choice program in the 2012–13 school year may not be selected as one of the 25 schools for the 2013-14 and 2014-15 school years if the pupil participation limit is reached in those years. Specify that those schools could accept students under the expanded program and that those pupils would not count against the pupil participation limit for the expanded program. Require the Department to notify these schools that all applicants under the expanded program may be accepted to the school for the 2013-14 and 2014-15 school years. Provide \$1,288,400 in 2013-14 and \$2,930,500 in 2014-15, based on an estimate of 200 additional pupils in 2013-14 and 400 additional pupils in 2014-15 participating in the expanded program.

Specify that a pupil attending a choice school whose family income increases could continue in the program.

Specify that a school in the expanded program would be required to give preference to a pupil who satisfies either of the following: (a) the pupil was enrolled in a public school in the school district in the previous year and is applying to attend the school in grades 2 through 8 or 10 through 12; or (b) the pupil was not enrolled in school in the previous school year.

Require the Department to refund the auditor fee to any private school that did not accept applications under the Milwaukee or Racine programs in the 2012–13 school year and that did not get included in the count of 25 private schools allowed to accept pupils under the expanded program in the 2013-14 school year if the pupil participation limit is reached.

Veto by Governor [C-6 and C-8]: Delete provisions specifying that schools that participated in the Milwaukee and Racine parental choice programs in 2012-13 could accept pupils under the expanded choice program, and that those pupils would not count against the pupil participation limit for the expanded program. Delete provision specifying that DPI notify these schools that all applicants under the expanded program may be accepted into the private

school in 2013-14 and 2014-15. As a result of this veto, reduce estimated funding for the expanded program by \$1,288,400 in 2013-14 and \$2,930,500 in 2014-15.

Under Act 20, funding for the expanded program would be \$3,221,000 in 2013-14 and \$7,326,200 in 2014-15.

[Act 20 Sections: 235, 244m, 245, 1829 thru 1840s, 1843 thru 1847, 1848b thru 1848t, 1852m, 1855, 1855m, 1856g, 1856m, 1859a, 1875t, and 9134(3c)]

[Act 20 Vetoed Sections: 1844e, 1848d, and 1848h]

5. PARENTAL CHOICE PROGRAMS -- STUDENT PRIORITY

Governor: Allow a private school participating in the Milwaukee parental choice program or the parental choice program for eligible school districts to give preference in accepting applications to any of the following: (a) pupils who attended the school during the school year prior to the school year for which the application is being made; (b) siblings of pupils who attended the school during the school year prior to the school year for which the application is being made and to siblings of pupils who have been accepted to the school for the school year for which the application is being made; and (c) pupils who attended another school under a parental choice program during the school year prior to the school year for which the application is being made.

Under current law, choice schools must select pupils on a random basis, except that they may give preference in accepting applications to siblings of pupils selected on a random basis.

Joint Finance/Legislature: Specify that the priority under (a) above would only be allowed for pupils attending the school under the choice program.

[Act 20 Sections: 1847, 1847m, 1862, and 1863]

6. PARENTAL CHOICE PROGRAMS -- SCHOOLS ELIGIBLE IN EITHER PROGRAM

Governor: Allow a private school that notifies the State Superintendent of its intent to participate in the Milwaukee parental choice program and pays the auditor fee (\$965 in 2012-13) to also participate in the parental choice program for eligible school districts, and vice versa. Specify that a school that has fulfilled the preaccreditation and accreditation requirements of the Milwaukee program is considered to have fulfilled them for the program for eligible school districts, and vice versa. Broaden the provisions under which the State Superintendent is required to annually inform families in Milwaukee of the schools participating in the Milwaukee program and to annually inform families in eligible districts of the schools participating in the program for eligible districts to instead require the State Superintendent to inform families in all districts in which a parental choice program operates of schools participating in both programs.

Under current law, two separate but substantially similar sections of the statutes govern the Milwaukee parental choice program [s. 119.23] and the parental choice program for eligible

school districts [s. 118.60] under which the Racine program currently operates and which is proposed to be expanded under the bill. The requirements outlined above are currently specific to each section.

Joint Finance/Legislature: In addition to the Governor's provision, specify that if a choice school accepts pupils under more than one choice program, it would only have to submit one comprehensive financial audit to the state.

[Act 20 Sections: 1840, 1843, 1855, 1856, 1859, 1860, 1861, 1871, and 1873]

7. PARENTAL CHOICE PROGRAMS -- CERTIFICATE OF OCCUPANCY

Joint Finance/Legislature: Modify the current law requirement for a private school participating in a parental choice program to submit a certificate of occupancy to DPI to also allow a school to submit a letter or form from the municipality within which the school is located that explains that the municipality does not issue certificates of occupancy.

Under current law, by August 1 before the first school year a new school participates in the program, the school must submit to DPI a copy of the school's current certificate of occupancy issued by the municipality within which the school is located. If the municipality within which the school is located does not issue certificates of occupancy, the school may submit a certificate issued by the local or regional governmental unit with the authority to issue certificates.

[Act 20 Sections: 1856r and 1873p]

8. PARENTAL CHOICE PROGRAMS -- BUILDING USAGE CHARGE

Joint Finance/Legislature: Modify the current law treatment of facilities costs for choice schools where the legal title to the building is held in the name of the parent organization or other related party to eliminate the requirement that there be no other mechanism to include the private school's facilities costs in its cost calculation before the school can include 10.5% of the fair market value of the school in its costs. Specify that if a school was not permitted to include the 10.5% amount in the 2012-13 school year, it can request the Department to include that amount.

Under current law, in determining a school's operating and debt service costs for educational programming, DPI is required to include an amount equal to 10.5% of the fair market value of the school and its premises if: (a) legal title to the school's buildings and premises is held in the name of the school's parent organization or other related party; (b) there is no other mechanism to include the school's facilities costs in the calculation of its operating and debt service cost; and (c) the school requests that the Department do so. Any request made by a school remains effective in subsequent school years and may not be withdrawn by the school. If, immediately prior to July 1, 2011 (the effective date of 2011 Act 32), a school's operating and debt service costs, as determined by DPI, included the amount described above, that amount would continue to be included in subsequent school years.

[Act 20 Sections: 1852d and 1867m]

9. PARENTAL CHOICE PROGRAMS -- SUMMER SCHOOL PAYMENT

Joint Finance/Legislature: Delete the current law calculation of the choice payment for summer school and, instead, provide that schools offering summer school would receive an amount equal to 5% of the maximum per pupil choice payment that could have been paid at the end of the immediately preceding school term for the grade in which the pupil is attending summer school. Specify that a school would receive a summer school payment if: (a) the school offers a minimum of 19 summer days of instruction; (b) each day of summer instruction is comprised of at least 270 minutes of instruction; and (c) the pupil attends at least 15 days of summer instruction. Specify that these provisions would first apply to summer school payments made in the 2014-15 school year.

Under current law, the choice summer school payment is calculated by: (a) determining the choice school's operating and debt service cost per pupil in summer school that is related to educational programming; (b) multiplying that amount by 40%; and (c) multiplying that amount by the summer choice FTE enrollment.

[Act 20 Sections: 1852, 1852j, 1867, 1867r, and 9334(4L)]

10. PARENTAL CHOICE PROGRAMS -- RESERVE FUNDS

Joint Finance/Legislature: Allow a choice school to accumulate up to 15% of its annual operating and debt service costs related to educational programming in a reserve account, and specify that any increase to that reserved amount be included in DPI's determination of the school's operating and debt service costs related to programming for that school year.

[Act 20 Sections: 1852g and 1867p]

11. PARENTAL CHOICE PROGRAMS -- EDUCATIONAL CREDENTIALS FOR STAFF

Joint Finance: Modify the current law requirement that a teacher's aide employed in a choice school have a high school diploma, declaration of equivalency of high school graduation, or general educational development certificate of high school equivalency to specify that a teacher's aide may, as an alternative, have obtained a degree or educational credential higher than a high school diploma, declaration of equivalency of high school graduation, or general educational development certificate of high school equivalency.

Assembly/Legislature: Modify the current law requirement that a teacher employed in a choice school have a bachelor's degree to specify that a teacher may, as an alternative, have a degree or educational credential higher than a bachelor's degree, including a masters or doctorate.

[Act 20 Sections: 1840m, 1856c, 1859m, and 1873m]

12. PARENTAL CHOICE PROGRAMS -- MAINTAINING SCHOOL ACCREDITATION

Joint Finance/Legislature: Require a private school in a parental choice program that has achieved accreditation to ensure that it continuously maintains accreditation from a statutorily-approved accreditation agency for as long as the school continues to participate in the program. (Generally, under current law, a choice school must achieve accreditation by December 31 of the third school year following the first school year in which it participates in the choice program.)

Require a choice school to immediately notify DPI if its accreditation status changes. Beginning in the 2013-14 school year, require a choice school to provide evidence demonstrating that the school remains accredited for the current year to DPI annually by January 15. Require the school to include as evidence of accreditation a letter prepared by one of the statutorily-approved accrediting agencies that confirms that the school is accredited by that agency as of the date of that letter. Specify that if the State Superintendent determines that a school has not complied with these requirements, he or she may issue an order barring a choice school from participating in the program in the subsequent school year (consistent with the accreditation penalty provisions under current law). Require DPI to notify a choice school of receipt and approval of accreditation status within 10 days after receiving the required information.

Require a private school that participated in the choice program in the 2012-13 school year that would have been required to have achieved accreditation to demonstrate that its accreditation status is current with the above-described letter within 30 days of the effective date of the bill. Require the State Superintendent to issue an order barring a school's participation in the program beginning in the 2013-14 school year if it does not comply with this requirement. Specify that this one-time requirement would not apply to: (a) a school that was a first-time participant in the program in the 2012-13 school year and that had not participated in the program prior to the 2012-13 school year; (b) a school that was approved for scholarship funding for the 2005-06 school year by Partners Advancing Values in Education (PAVE); or (c) a school that has obtained preaccreditation, but has not yet started the third school year that follows the first school year of participation in the program.

Provide that if the State Superintendent determines that a choice school has failed to continuously maintain accreditation, that a choice school has withdrawn from the accreditation process, or that a choice school's accreditation has been revoked or terminated by one of the statutorily-approved agencies, he or she must issue an order barring the school's participation in the program at the end of the current school year. Require the State Superintendent to immediately notify the parent or guardian of each pupil attending the school of the order. Provide that a school whose participation in the program has been barred under this provision may not participate in the program until the school demonstrates to the satisfaction of the Department that it has obtained accreditation from a statutorily-approved accrediting agency other than the agency with which the school failed to continuously maintain accreditation or, if the school's accreditation was revoked or terminated, other than the agency that revoked or terminated its accreditation.

Veto by Governor [C-7]: Delete the requirement that DPI approve a school's

accreditation status.

[Act 20 Sections: 1855r, 1856w, 1857db thru 1857e, 1872m, 1875d, 1876db thru 1876dL, and 9134(6q)]

[Act 20 Vetoed Sections: 1857e and 1876dL]

13. PARENTAL CHOICE PROGRAMS -- ADDITIONAL ACCREDITING AGENCY

Joint Finance/Legislature: Add the Wisconsin Association of Christian Schools to the list of statutorily-recognized accrediting agencies for the parental choice programs.

Under current law, the statutorily-recognized accrediting agencies are Wisconsin North Central Association, Wisconsin Religious and Independent Schools Accreditation, Independent Schools Association of the Central States, Wisconsin Evangelical Lutheran Synod School Accreditation, National Lutheran School Accreditation, the diocese or archdiocese within which the school is located, or any other organization recognized by the National Council for Private School Accreditation.

[Act 20 Sections: 1843, 1855r, 1856w, 1857df, 1859t, 1860, 1861m, 1872m, 1875d, 1876dg, and 9134(3c)&(6q)]

14. PARENTAL CHOICE PROGRAMS -- RELEASE OF INFORMATION

Assembly/Legislature: Require DPI, when publicly releasing data related to, but not limited to, enrollment of, standardized test results for, applications submitted by, waiting lists for, and other information related to pupils participating in or seeking to participate in parental choice programs, to release the data all at the same time, uniformly, and completely. Provide that DPI may selectively release portions of the information specified above only to the following: (a) a school district or individual school; and (b) an entity requesting the information for a specific participating private school or the school district within which a choice pupil resides, provided that the entity is authorized to obtain official data releases for that school or school district.

Veto by Governor [C-3]: Modify the language for uniform release of data to limit it to those topics specified in the bill language, by striking through the words "but not limited to" and "and other information related to." Delete the language regarding selective release of data by DPI.

[Act 20 Sections: 1857m and 1876dp]

[Act 20 Vetoed Sections: 1857m and 1876dp]

15. SPECIAL NEEDS SCHOLARSHIP PROGRAM [LFB Paper 517]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$20,849,500	- \$20,849,500	\$0
Aid Reduction	<u>20,849,500</u>	<u>- 20,849,500</u>	<u>0</u>
Net GPR	\$0	\$0	\$0

Governor: Create a special needs scholarship program, beginning in 2013-14, to allow a child with a disability to receive a scholarship to attend a participating public, private, or charter school of the child or the child's parent's choice. Provide \$6,946,000 in 2013-14 and \$13,903,500 in 2014-15 and create a new sum sufficient appropriation to pay the special needs scholarships.

Provide that, beginning in 2013-14, a child with a disability would receive a scholarship under the program to attend an eligible school, if the school district, charter school, or eligible private school has notified DPI of its intent to participate in the program, and the notice specifies the number of pupils who may participate in the program for whom the school has space. Permit the resident school district of a pupil receiving a scholarship to attend a public school in another school district or a private school to count the pupil for the purposes of general aid and revenue limits. Require that the amount of general aid that a school district is eligible to be paid in the current school year be reduced by the total amount of scholarships paid for pupils who reside in that district. Require the State Superintendent to ensure that the total amount of aid withheld from school districts be lapsed to the general fund, and that the amount of the aid reduction does not affect the amount determined to be received as state aid by the district for any other purpose.

To be eligible for a scholarship, require that a child have an individualized education plan (IEP) or services plan in place, and that the child attended a public school, charter school, a private school under the Milwaukee or Racine parental choice programs, or did not attend school in this state, for the entire school year immediately preceding the school year for which the child first receives a scholarship.

Under the new program, define an eligible school as: (a) a public school located in this state, but outside the pupil's school district of residence; (b) a charter school located in this state, including a charter school located in the pupil's school district of residence and a virtual charter school; or (c) a private school located in this state.

Require the child or the child's parent submit an application to the eligible school, on a form prepared by DPI, for a scholarship to attend the school. Allow an application to be made, and a child to begin attending an eligible school, at any time during the school year. Require the application include a copy of a document, to be prepared by DPI, about the child's rights, as described below. The child must be accepted by the school district in which the eligible public school is located, the eligible charter school, or the eligible private school, in order to receive the scholarship.

Limit the total number of scholarship recipients under the program, for any school year, to 5% of the total number of children with disabilities residing in this state in the previous school

year, as determined by DPI.

If an eligible school receives more applications than the number of pupils for whom the school has space, require the school to select pupils on a random basis, except that it may give preference to siblings of pupils who are already attending the school.

For a private school to be eligible for the program, require that the school be approved by the State Superintendent as a private school under state requirements, or the private school is accredited by the Wisconsin North Central Association, Wisconsin Religious and Independent Schools Accreditation, the Independent Schools Association of the Central States, Wisconsin Evangelical Lutheran Synod School Accreditation, National Lutheran School Accreditation, the diocese or archdiocese within which the private school is located, or any other organization recognized by the National Council for Private School Accreditation, as of the August 1 preceding the school term for which the scholarship is awarded.

Require DPI to develop a document and revise it as necessary, for inclusion with an application to an eligible school, comparing the rights of a child with a disability and of his or her parent under state law and the Individuals with Disabilities Education Act (IDEA, the federal special education law), with the rights of a child with a disability and of his or her parent under the scholarship program and IDEA. Provide that receipt of this document by an applicant, acknowledged in a format prescribed by DPI, would constitute notice that the applicant has been informed of his or her rights under state law and under IDEA. Subsequent acceptance of a scholarship would constitute the applicant's informed consent to the rights specified in the document.

Require the governing body of an eligible school to notify DPI when the school accepts a pupil under the program. Upon being notified, require that DPI notify the school board of the pupil's district of residence that the pupil has been awarded a scholarship. Require the school board, within three days of receiving notice, provide DPI and the governing body of the eligible school that accepted the pupil with a copy of the pupil's IEP.

Specify that a pupil attending a private school participating in a parental choice program, but who uses a special needs scholarship to attend, could not be counted as a pupil attending the school under the parental choice program.

Scholarship Calculation. Provide that the pupil's scholarship amount would equal the lesser of: (1) the sum of the statewide gross property tax levy for schools in the previous year plus the total amount of general school aid appropriated in the previous school year, divided by the total statewide membership in the previous school year, and add to that quotient the result obtained by dividing the amount provided in the primary special education categorical aid appropriation in the previous year by the total FTE number of children with disabilities enrolled in public schools in the previous school year [a corrective amendment is needed to accomplish the intent of the provision]; or (2) the cost to the school district of attendance, the eligible charter school, or the eligible private school of providing to the pupil regular instruction, instructional and pupil support services, special education and related services, supplementary aids and services, and operating and debt services costs per pupil, as described for private schools participating in the Racine parental choice program, less costs for board and lodging and hospitals and convalescent

homes. Require DPI to prorate the scholarship amount for a pupil attending an eligible school for less than a full school term, and require DPI to notify the parent of the scholarship amount and an explanation of how the amount was determined. Require DPI, on behalf of the child's parent, to pay the scholarship to the school district, charter school, or private school that the pupil attends, from the separate sum sufficient appropriation that would be established for this purpose. The scholarship would continue as long as the pupil attends an eligible school, until the pupil graduates from high school, or until the end of the school term in which the pupil attains the age of 21, whichever comes first. Specify that DPI could not pay a scholarship to a private school unless the pupil's parent has acknowledged receiving a profile of the private school's special education program as described below.

School Board Duties. Require each school board annually to notify the parents of each child with a disability enrolled in the school district of the scholarship program. Upon the request of a parent of a child receiving a scholarship, require the pupil's resident school district to administer the appropriate state standardized pupil assessment to the pupil, at no cost, if the school attended by the pupil does not administer them. If a child attends a private school under the program, require the district of residence to ensure that the child's IEP team reevaluates the child at least every three years, unless the parent and school district agree otherwise. If the IEP team determines that the child is no longer a child with a disability, then the child would become ineligible to receive a scholarship, beginning in the school term following the determination.

Whenever a pupil would receive a scholarship under this section, require DPI and the school board of the pupil's school district of residence to count the scholarship amount toward the district's required maintenance of effort, which is defined and prescribed under federal law.

For the purposes of assigning responsibility for the provision of special education services, specify that if a child with a disability is attending a public school in a nonresident school district under the special needs scholarship program, the school district the child is attending is the responsible local educational agency. The resident school district is not otherwise required to reimburse a parent of child with a disability who is parentally placed in a private school, if enrolled under the special needs scholarship program.

Private School Duties. Require each private school participating in the program to: (a) comply with all health and safety laws or codes that apply to private schools; (b) hold a valid certificate of occupancy, if required by the municipality in which the school is located or, if the municipality does not issue certificates of occupancy, obtain a certificate of occupancy issued by the local or regional governmental unit with authority to issue certificates of occupancy; (c) comply with federal law that prohibits discrimination on the basis of race, color, or national origin by any program or activity that receives federal financial assistance; and (d) conduct criminal background checks of its employees, and exclude from employment any person not permitted to hold a teaching license as the result of an offense and any person who might reasonably be believed to pose a threat to the safety of others. Further, require private schools annually to submit to DPI a school financial information report, prepared by a certified public accountant, that complies with uniform financial accounting standards established by DPI by rule under the Racine parental choice program. The report would have to be accompanied by an auditor's statement that the report is free of material misstatements and fairly represents pupil

costs. Require the report to be limited in scope to those records that are necessary for DPI to make payments to the private school.

Require that, if a private school expects to receive at least \$50,000 in scholarships during a school year, then the school would have to do one of the following before the beginning of the school year: (a) file with DPI a surety bond payable to the state in an amount equal to 25% of the total amount of scholarships expected to be received by the private school during the school year; or (b) file with DPI financial information demonstrating that the private school has the ability to pay an amount equal to the total amount of scholarships expected to be received by the private school during the school year. Require the private school to provide each applicant under the scholarship program a profile of the private school's special education program, in a form prescribed by DPI, that includes the methods of instruction that will be used by the school to provide special education and related services to the child and the qualifications of the teachers and other persons who will be providing special education and related services to the child.

Require that the private school implement the child's most recent IEP or services plan, as modified by agreement between the private school and the child's parent, and related services agreed to by the private school and the child's parent that are not included in the IEP or services plan. Require the private school regularly report to the parent on the child's progress. Require the private school to provide a record of the implementation of the child's IEP or services plan, including an evaluation of the child's progress, to the school board of the school district in which the child resides, in a form and manner prescribed by DPI.

Transportation. Provide that, for a child attending a private school using a special needs scholarship, the current state law governing pupil transportation by school districts would apply, which, in general, requires school districts to provide transportation to public and private school pupils who reside more than two miles from the school they are entitled to attend, with school buses, city buses, or other means. Under current law, a child attending a private school is generally entitled to transportation by the district of residence, if the pupil resides within the private school's designated attendance area and the school is located within the school district or not more than five miles beyond the district's boundary, measured along the usually traveled route.

Provide that, for a child attending a public school using a special needs scholarship, then the transportation provisions for the public school open enrollment program would apply. In that case, the parent of a pupil attending public school in a nonresident school district is responsible for transporting the pupil to and from the school the pupil attends. However, if the child is a child with a disability, and transportation of the child is either required in the IEP, or a request for transportation is approved by the State Superintendent based on whether the child can walk to school in safety and comfort, then the nonresident district must provide such transportation for the child. Provide that if the parents of a child who is receiving a special needs scholarship, and who is eligible for free or reduced-price lunch, transport the child to school, then the parents may receive reimbursement for those costs in the same manner as the current law open enrollment transportation assistance program.

Penalties. Provide that DPI could bar a school district, charter school, or private school

from participating in the program if the Department determines that the district, charter school, or private school has done any of the following: (a) intentionally and substantially misrepresented information in required private school reports to the Department and parents; (b) routinely failed to comply with the standards for a private school annual financial information report or financial information demonstrating that the private school has the ability to repay an amount equal to the scholarships received for the school year; (c) used a pupil's scholarship for any purpose other than educational purposes, or rebated, refunded, or shared a pupil's scholarship with a parent or pupil; or (d) failed to refund to the state, in a timely manner, any scholarship overpayments.

If DPI would bar a school district, charter school, or private school from participating in the program, require that it notify all pupils eligible to participate in the program and their parents as quickly as possible. A pupil who is receiving a scholarship and attending a school district, charter school, or private school barred from the program could attend another participating school district, charter school, or private school under the scholarship.

Study. Require the Legislative Audit Bureau to contract for a study of the program, with one or more researchers who have experience evaluating school choice programs. Require the study evaluate the following: (a) the level of satisfaction with the program expressed by participating pupils and their parents; (b) the percentage of participating pupils who were victimized because of their special needs at their resident school district and the percentage of such pupils at their participating school; (c) the percentage of participating pupils who exhibited behavioral problems at their resident school district and the percentage of such pupils at their participating school; (d) the average class size at participating pupils' resident school district and at their participating school; and (e) the fiscal impact of the program on the state and on resident school districts. The contract would require the researchers who conduct the study to do all of the following: (a) apply appropriate analytical and behavioral science methodologies to ensure public confidence in the study; (b) protect the identity of participating schools and pupils; and (c) require that the results of the study be reported to the appropriate standing committees of the Legislature by January 9, 2016.

Promulgate Rules. Require DPI to promulgate rules to implement and administer these provisions, including rules relating to all of the following: (a) the eligibility and participation of eligible schools, including timelines that maximize pupil and school participation; (b) the calculation and distribution of scholarships; (c) the application and approval procedures for pupils and eligible schools; and (d) in a manner consistent with federal law, requiring the school board of a school district participating in the program under this section to spend its federal equitable services funds on children with disabilities who are enrolled by their parents in private schools other than under the special needs scholarship program.

Joint Finance/Legislature: Delete provision.

16. INDEPENDENT "2r" CHARTER SCHOOL REESTIMATE UNDER CURRENT LAW [LFB Paper 518]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$17,160,000	- \$10,885,000	\$6,275,000
Aid Reduction	<u>17,160,000</u>	<u>- 10,885,000</u>	<u>6,275,000</u>
Net GPR	\$0	\$0	\$0

Governor: Provide \$4,692,500 in 2013-14 and \$12,467,500 in 2014-15 above base level funding of \$62,172,500 as a reestimate of sum sufficient funding for the current Milwaukee/Racine independent "2r" 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. There are currently 21 charter schools participating, including one in Racine. An estimated 7,500 pupils attend these schools in 2012-13, and the aid per pupil is \$7,775. This reestimate assumes that 8,600 pupils will be enrolled in the current law program in 2013-14 and 9,600 will be enrolled in 2014-15, with the additional payments calculated using the current per pupil amount of \$7,775. Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all school districts in the state. Under revenue limits, districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

Joint Finance/Legislature: Reduce funding by -\$3,887,500 GPR in 2013-14 and -\$6,997,500 GPR in 2014-15 as a reestimate of enrollment under the current law program, based on projected enrollments of 8,100 pupils in 2013-14 and 8,700 pupils in 2014-15. Reduce the related proportional aid reduction by corresponding amounts.

17. INDEPENDENT "2r" CHARTER SCHOOL PER PUPIL PAYMENT AMOUNT [LFB Paper 519]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$2,159,800	\$1,665,200	\$3,825,000
Aid Reduction	<u>2,159,800</u>	<u>1,665,200</u>	<u>3,825,000</u>
Net GPR	\$0	\$0	\$0

Governor: Provide \$662,200 in 2013-14 and \$1,497,600 in 2014-15 and specify that the Milwaukee/Racine charter school per pupil payment amount would be \$7,852 in 2013-14 and \$7,931 in 2014-15 and thereafter. These amounts represent a 1% increase in each year above the current law \$7,775 per pupil payment amount. Approximately 7,500 students attend these schools in 2012-13, and the aid per pupil is \$7,775. This estimate assumes that 8,600 pupils will

be enrolled in the current law program in 2013-14 and 9,600 will be enrolled in 2014-15.

Delete provisions of current law that specify that, beginning in 2013-14, per pupil payments would equal the prior year's payment plus the per pupil adjustment allowed under revenue limits. (Under current law, the \$7,775 per pupil would remain unchanged in 2013-14 and 2014-15, because the Governor has recommended no increase from either year of the biennium in the per pupil adjustment under revenue limits.) Delete provisions under current law referencing a separate aid payment to Racine Unified School District related to the UW-Parkside charter school. Under current law, this payment sunsets at the end of 2012-13.

Joint Finance/Legislature: Delete the Governor's recommendation relating to the per pupil payment amount and, instead, increase the per pupil payment from \$7,775 in 2012-13 to \$7,925 in 2013-14 and \$8,075 in 2014-15, which would provide \$150 annual increases. Increase funding compared to the bill by \$552,800 in 2013-14 and \$1,112,400 in 2014-15. Increase the related aid reduction by corresponding amounts.

Also, provide that in 2015-16 and each year thereafter, the payment would equal the sum of the amount paid per pupil in the previous year, the amount of the per pupil revenue limit adjustment for the current year, if positive, and the change in the amount of statewide categorical aid per pupil between the previous year and the current year, if positive. Specify that the calculation of categorical aids per pupil would use a prior three-year rolling average pupil count in determining the amount per pupil.

[Act 20 Sections: 244, 1744, and 1782 thru 1786]

18. CHARTER SCHOOL OVERSIGHT BOARD [LFB Paper 520]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,965,500	- \$3,965,500	\$0
Aid Reduction	<u>3,965,500</u>	<u>- 3,965,500</u>	<u>0</u>
Net GPR	\$0	\$0	\$0

Governor: Create a new charter school oversight board, attached to DPI for administrative purposes, and consisting of the State Superintendent, or his or her designee, and 10 other members. The administration estimates that an additional 500 pupils would be enrolled statewide in charter schools authorized by the charter school oversight board in 2014-15. Total payments to charter schools for these pupils would equal \$3,965,500 at the proposed per pupil amount of \$7,931 in 2014-15.

Provide that the chairperson of the board would be designated by the Governor. Require that the authorities responsible for appointing the members of the board ensure, to the extent feasible, that members are geographically diverse and have experience and expertise in governing public and nonprofit organizations; in management and finance; in public school leadership, assessment, and curriculum and instruction; and in education law; and understand and

are committed to the use of charter schools to strengthen public education. Provide that no member of the board could serve more than two consecutive terms. Prohibit the board from promulgating rules and specify that, for the purposes of administrative rule-making, a standard or statement of policy adopted by the charter school oversight board is not considered an administrative rule.

In addition to the State Superintendent, the other 10 members of the board would be appointed for staggered, three-year terms and would consist of the following: (a) two members appointed by the Governor, at least one of whom has served on the governing board of an independent "2r" charter school, has been employed by an independent charter school, or has served on the governing body of an entity authorized to contract to establish an independent charter school; (b) two members who are not legislators appointed by the Senate majority leader; (c) one member who is not a legislator appointed by the Senate minority leader; (d) two members who are not legislators appointed by the Speaker of the Assembly; (e) one member who is not a legislator appointed by the Assembly minority leader; (f) two members appointed by the State Superintendent who have served on the governing board of an independent charter school, have been employed by an independent charter school, or have served on the governing body of an entity authorized to contract to establish an independent charter school. Specify differing terms for initial appointments to the board.

Provide that any nonprofit, nonsectarian organization or consortium of such organizations approved by the charter school oversight board could become an independent charter school authorizer. Require that such an organization, or consortium of such organizations, in order to become a charter authorizer, submit an application to the charter school oversight board that includes the following information: (a) a strategic plan for contracting with charter school governing boards that submit high-quality proposals for charter schools that meet identified educational needs and promote a diversity of educational choices; (b) a performance framework for use in supervising and evaluating charter schools that addresses pupil academic proficiency, growth in pupil academic achievement, gaps in achievement between groups of pupils, pupil attendance, the readiness of pupils for postsecondary education, the financial proficiency and sustainability of charter schools, and charter school management; (c) an assurance that the organization or consortium will ensure accountability and transparency on the part of those charter school governing boards with which it contracts; (d) a plan, including corrective action strategies, designed to improve a charter school under contract with the organization or consortium, or to close such a charter school, based on contractual performance standards; (e) a description of the types of charter schools the organization or consortium is seeking to establish, and their potential attendance areas; (f) information on the organization's or consortium's finances and other resources necessary for the charter school oversight board to determine the applicant's ability to perform its functions as an authorizer; (g) a plan for entering into additional contracts in order to replicate successful charter schools; and (h) any other information requested by the charter school oversight board. Require the charter school oversight board to approve or deny an application within 90 days of receiving it.

Provide that an organization or consortium approved by the charter school oversight board to contract to establish an independent charter school would have to annually submit a report to the charter school oversight board that includes the following information: (a) an identification

of each charter school operating under contract with the authorizer, each charter school that operated under contract with the authorizer but had its contract nonrenewed or revoked or that closed, and each charter school under contract with the authorizer that has not yet begun to operate; (b) the academic and financial performance of each charter school operated under contract with it; (c) the operating costs of the school board or independent charter school authorizing entity incurred under the statutory requirements for authorizers, detailed in an audited financial statement prepared in accordance with generally accepted accounting principles; and (d) the services that the school board or independent charter school authorizing entity has provided to the charter schools under contract with it and an itemized accounting of the costs of the services.

Delete current law provisions that restrict the location of independent charter schools to Milwaukee or Racine, and that require approval of the Board of Regents for charter schools to be established by UW-Milwaukee and UW-Parkside. Delete the current law restriction that the Chancellor of UW-Parkside may establish only one charter school, and that the school may enroll a maximum of 480 pupils. Provide that any independent charter school authorizer may contract for the operation of a charter school located anywhere in the state. Delete the current law restriction requiring a pupil must reside in the school district in which an independent charter school is located in order to attend the charter school. Also delete current law exceptions to the residency rule, applicable only to certain pupils attending Woodlands School.

Provide that a school board could prohibit a pupil who resides in the school district from attending an independent charter school, unless the district membership is at least 4,000 pupils and at least two public schools in the district were rated "fails to meet expectations" or "meets few expectations" in the most recent school accountability report published by the Department. Provide that a pupil who wishes to attend an independent charter school, and who resides in a school district in which the school board could prohibit pupils from attending an independent charter school, would have to submit an application to the school board. Within 30 days of receiving such an application, require the school board to issue a decision allowing or prohibiting the pupil from attending the charter school. This provision would first apply on the effective date of the bill.

Specify that independent charter schools are local educational agencies (LEA) for the purposes of the Elementary and Secondary Education Act (ESEA, also known as No Child Left Behind) and, as such, they are eligible for funding as LEAs and must comply with all requirements of LEAs under the ESEA.

Provide that a contract with a school board or an independent charter school authorizing entity may provide for the establishment of more than one charter school, and a charter school governing board may enter into more than one contract with a school board or independent charter school authorizing entity.

Specify that, for the purposes of the full-time open enrollment program, the definition of a charter school excludes independent charter schools.

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 independent "2r" 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. There are currently 21 charter schools participating, including one in Racine. An estimated 7,500 pupils attend these schools in 2012-13, and the aid per pupil is \$7,775. Under current law, payments to these charter schools are fully offset by a proportionate reduction in the general school aids of all school districts in the state. Under revenue limits, districts may levy property taxes to make up for the amount of revenue lost due to these aid reductions.

Joint Finance/Legislature: Delete provision.

19. CHARTER SCHOOL AUTHORIZING ENTITY DUTIES

Governor: Require that a school board that has authorized a charter school, or an entity authorized to contract to establish independent "2r" charter schools, do all of the following: (a) solicit and evaluate charter school applications; (b) approve only high-quality charter school applications that meet identified educational needs and promote a diversity of educational choices; (c) in accordance with the terms of each charter school contract, monitor the performance and compliance with state charter school law of each charter school with which it contracts; and (d) annually submit a report to the State Superintendent and Legislature. Require that the annual report to the State Superintendent and Legislature would include the following information for each authorizer: (i) an identification of each charter school operating under contract with the authorizer, each charter school that operated under contract with the authorizer but had its contract nonrenewed or revoked or that closed, and each charter school under contract with the authorizer that has not yet begun to operate; (ii) the academic and financial performance of each charter school operated under contract with it; (iii) the operating costs of the school board or independent charter school authorizing entity incurred under its required duties, detailed in an audited financial statement prepared in accordance with generally accepted accounting principles; and (iv) the services that the school board or independent charter school authorizing entity has provided to the charter schools under contract with it and an itemized accounting of the costs of the services. For a contract for the establishment of a charter school that is entered into, renewed, or modified upon the effective date of the bill, require that an authorizing entity adhere to the principles and standards for quality charter schools established by the National Association of Charter School Authorizers.

Under current law, school boards and independent charter school authorizers are required to do the following: (a) when contracting for the establishment of a charter school, consider the principles and standards for quality charter schools established by the National Association of Charter School Authorizers; and (b) give preference in awarding contracts for the operation of charter schools to those charter schools that serve children at risk. The current law preference for charter schools that serve children at risk would continue to apply to these authorizing entities.

Joint Finance/Legislature: Delete provision.

20. CONTRACT REQUIREMENTS FOR INDEPENDENT "2r" CHARTER SCHOOLS
[LFB Paper 521]

Governor: Require that, in addition to the contract requirements applicable for all charter schools, the contracts between the governing boards of independent "2r" charter schools and their authorizers include the following: (a) a requirement that the charter school governing board adhere to specified annual academic and operational performance standards developed in accordance with the performance framework of the entity with which it is contracting; (b) provisions detailing the corrective measures the charter school governing board will take if the charter school fails to meet performance standards; (c) a provision allowing the governing board of a charter board that receives a rating of "exceeds expectations" or "significantly exceeds expectations" in the most recent school accountability report published by DPI to open one or more additional charter schools and, if the charter school governing board opens one or more additional charter schools, the existing contract applies to the new school or schools unless the parties agree to amend the existing contract or enter into a new contract; (d) the methodology that will be used by the charter school governing board to monitor and verify pupil enrollment, credit accrual, and course completion; (e) a requirement that the authorizing entity have direct access to pupil data; (f) a description of the administrative relationship between the parties to the contract; (g) a requirement that the charter school governing board hold parent-teacher conferences at least annually; (h) a requirement that if more than one charter school is operated under the contract, the charter school governing board reports to the authorizing entity on each charter school separately; (i) a requirement that the charter school governing board provide the data needed by the authorizing entity for purposes of making a required annual report to the State Superintendent and Legislature; (j) a requirement that the charter school governing board participate in any training provided by the authorizing entity; and (k) a description of all fees the authorizing entity will charge the charter school governing board. Specify that these requirements first apply to a contract for the establishment of a charter school that is entered into, renewed, or modified on the effective date of the bill.

Provide that, if an independent charter school is in operation on the effective date of the bill, and the charter school receives a rating of "exceeds expectations" or "significantly exceeds expectations" in the most recent school accountability report published by DPI, then the person operating the charter school may open one or more additional charter schools, regardless of the terms of the existing contract with its authorizing entity. Specify that all other provisions of the contract apply to the new school or schools, unless the parties agree to amend the existing contract or enter into a new contract.

Provide that independent charter school authorizers would be required to contract with a person to operate a charter school, rather than operating the school directly, unless an authorizing entity was operating the school directly immediately prior to the effective date of the bill, in which case, it would be permitted to continue to do so.

Delete current law provisions relating specifically to a charter school authorized by the University of Wisconsin-Parkside. Current law requires that, if the Chancellor of the University of Wisconsin-Parkside contracts for the establishment of a charter school, the contract must also provide that the charter school must be operated by a governing board and that the Chancellor or

his or her designee must be a member of the governing board and requires that, if the instructional staff of the charter school are employees of the UW System Board of Regents, that the contract must include certain other provisions related to collective bargaining agreements and other matters related to employment administration.

Joint Finance/Legislature: Delete provision.

21. CHARTER SCHOOL GOVERNING BOARDS

Governor: Effective September 1, 2013, require each charter school (both independent "2r" and school district instrumentality charter schools) to be governed by a governing board that is a party to the contract with the authorizing entity. Require that no more than a minority of the governing board's members could be employees of the charter school or employees or officers of the school district in which the charter school is located.

Subject to the terms of its contract, provide that a charter school governing board has all the powers necessary to carry out the terms of its contract, including the following: (a) to receive and disburse funds for school purposes; (b) to secure appropriate insurance; (c) to enter into contracts, including contracts with a University of Wisconsin institution or college campus, technical college district board, or private college or university, for technical or financial assistance, academic support, curriculum review, or other services; (d) to incur debt in reasonable anticipation of the receipt of funds; (e) to pledge, assign, or encumber its assets to be used as collateral for loans or extensions of credit; (f) to solicit and accept gifts or grants for school purposes; (g) to acquire real property for its use; and (h) to sue and be sued in its own name. Provide that these powers first apply to a contract for the establishment of a charter school that is entered into, renewed, or modified on the effective date of the bill.

Joint Finance/Legislature: Delete provision.

22. CHARTER SCHOOL ADMISSIONS

Governor: Require that, with the following specified exceptions, a contract with a school board or independent "2r" charter school authorizing entity provide that if the capacity of the charter school is insufficient to accept all pupils who apply, the charter school would have to accept pupils at random. Require that a charter school give preference in enrollment to pupils who were enrolled in the charter school in the previous school year, and to siblings of pupils who are enrolled in the charter school. Permit a charter school to give preference in enrollment to the children of the charter school's founders, governing board members, and full-time employees, but limit the total number of such children given preference to no more than 10% of the charter school's total enrollment. Provide that these changes would first apply to a contracts entered into, renewed, or modified on the effective date of the bill.

In addition, as under current law, provide that if a charter school replaces a public school in whole or in part, the school must give preference in admission to any pupil who resides within the attendance area or former attendance area of that public school.

Joint Finance/Legislature: Delete provision.

23. CONTRACT REQUIREMENTS FOR SCHOOL DISTRICT SPONSORED CHARTER SCHOOLS [LFB Paper 522]

Governor: Provide that, for contracts between school boards and operators of their charter schools, the contract would have to: (a) specify the amount the school board will pay to the operator for each resident pupil attending the charter school, and provide an amount that is commensurate with the average per pupil cost for the school district; (b) grant the operator sole discretion over the charter school's budget, curriculum, and professional development, and over the hiring of personnel and personnel policies for the charter school, except where a decision in any of these areas affects the health or safety of pupils or staff, as determined by the school board; and (c) not impose on the operator any requirement in Chapters 115 to 121 of the statutes (the laws governing K-12 education) that does not otherwise explicitly apply to charter schools. Provide that these provisions would first apply to contracts entered into, modified, extended, or renewed on the effective date of the bill.

Under current law, a contract between a school board and an operator of a charter school: (a) includes provisions agreed to by the parties, including the amount to be paid to the charter school during each year of the contract; (b) must include provisions specified in the petition if the charter school is established by a petition of teachers in the district; and (c) may be for any term not exceeding five years, and may be renewed for one or more terms not exceeding five years. In addition, under current law, the contract must include the following elements: (a) the name of the person seeking to establish the school; (b) the name of the person to be in charge of the charter school, and the manner in which administrative services will be offered; (c) the educational program of the school; (d) the methods to be used to enable pupils to attain the broad educational goals required of all public schools in the state; (e) the method by which pupil progress in attaining educational goals will be measured; (f) the governance structure of the school, including how parental involvement will be ensured; (g) the qualifications that must be met by the individuals to be employed in the school; (h) the procedures the school will follow to ensure health and safety of pupils; (i) the means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of the school district population; (j) requirements for admission to the school; (k) the manner in which annual audits of the financial and programmatic operations of the school will be performed; (L) the procedures for disciplining pupils; (m) the public school alternatives for school district pupils who do not wish to attend or are not admitted to the charter school; (n) a description of the school facilities and the types of liability insurance the school will carry; and (o) the effect of the establishment of the charter school on the liability of the school district.

Joint Finance/Legislature: Delete provision.

24. CONVERTING PUBLIC SCHOOLS TO CHARTER SCHOOLS

Governor: Provide that a school board may grant a petition, or may enter into a contract, that would result in the conversion of all public schools in the school district to charter schools. Provide that, unless all of the public schools in a school district have been converted to charter schools, no pupil may be required to attend a charter school without his or her approval, if the

pupil is an adult (18 years of age), or the approval of his or her parent or legal guardian, if the pupil is a minor.

Under current law, a school board may not grant a petition to convert all public schools in the district to charter schools unless the following apply: (a) at least 50% of the teachers employed by the school district sign the petition; and (b) the school board provides alternative public school attendance arrangements for pupils who do not wish to attend or are not admitted to a charter school. Finally, under current law, no pupil may be required to attend a charter school without his or her approval, if the pupil is an adult, or the approval of his or her parent or legal guardian, if the pupil is a minor.

Joint Finance/Legislature: Delete provision.

25. INCLUDE CHOICE AND CHARTER SCHOOLS IN STATEWIDE STUDENT INFORMATION SYSTEM

Governor/Legislature: Require that independent "2r" charter schools and private schools participating in a parental choice program report the same demographic and performance data for pupils and teachers that is currently required of school districts using the statewide student information system (SSIS). Require DPI to ensure that within five years of the establishment of the SSIS, every school district and charter school would have to use the system. Require that, within five years, every private school participating in a parental choice program would have to either use the SSIS or use a system that is interoperable with the SSIS.

[Act 20 Sections: 1732m thru 1734]

26. UW-MILWAUKEE CHARTER SCHOOL LOCATIONS

Joint Finance/Legislature: Provide that the Chancellor of the UW-Milwaukee could establish or contract to establish an independent "2r" charter school located anywhere in Milwaukee County or in an adjacent county. Specify that a pupil who resides in Milwaukee County or in an adjacent county could attend any independent "2r" charter school established in Milwaukee County or in an adjacent county. Under current law, the City of Milwaukee, Milwaukee Area Technical College, and UW-Milwaukee are permitted to establish "2r" charter schools located only in Milwaukee Public Schools, and, with certain limited exceptions applicable only to Woodlands School, only pupils residing in Milwaukee Public Schools are permitted to attend those "2r" charter schools.

[Act 20 Sections: 1778m, 1780m, 1780r, and 1807]

27. WORK BASED LEARNING PROGRAM SCHOOL

Joint Finance/Legislature: Provide that a school district, an independent "2r" charter school, or a private school could create a work based learning program for pupils in grades 9 to 12. A work based learning program would be required to comply with the following: (a) require

a pupil in the program to work at least 280 hours per school year for an employer participating in the program; (b) specify that hours of instruction could not be used to satisfy the work requirements under the program; (c) require a pupil to complete the required work hours by working no fewer than 40 and no more than 50 days per school year, by working no fewer than six and no more than eight hours per day, and by working no more than two days per week; (d) require that an employer who participates in the program do all of the following: (1) comply with specific state child labor laws and federal labor law requirements for age and immigration status; (2) provide each pupil with occupational training and work based learning experiences; (3) provide each pupil with at least 30 hours of training while employing the pupil; (4) provide each pupil with a mentor who supervises the pupil's work and provides the pupil with a year-end evaluation; and (5) provide an employer year-end evaluation to the pupil; (e) provide transportation to and from the workplace at no cost to the pupil or the pupil's family; (f) in determining eligibility for the program, allow the school board, charter school, or private school to require a pupil to demonstrate employability through an interview process, teacher recommendations, or previous work, internship, or volunteer experience; and (g) require that a pupil who wishes to participate in the program enter into a signed agreement with the participating school and the pupil's parent or guardian. Provide that, if a private school participating in the Milwaukee parental choice program operates a work based learning program, the pupil's earnings from the work based learning program would not be counted toward the pupil's family income for purposes of determining eligibility for the choice program.

Veto by Governor [C-4]: Delete the statutory cross-references to specific state child labor laws. More general language that requires a participating employer to "comply with state child labor laws" remains in place.

[Act 20 Sections: 1828g, 1858, and 1858p]

[Act 20 Vetoed Section: 1828g]

28. FULL-TIME OPEN ENROLLMENT TRANSFER AMOUNT

Joint Finance/Legislature: Provide that the full-time open enrollment per pupil transfer amount in 2013-14 and 2014-15 would equal the prior year amount plus \$150. Beginning in 2015-16, modify the transfer amount to be equal to the transfer amount in the prior year plus the revenue limit per pupil adjustment, if positive, provided to school districts in the current year plus the change in total categorical aid funding per pupil, if positive, from the prior year to the current year.

Under the open enrollment program, a pupil may attend a public school outside his or her school district of residence. The resident district counts a pupil transferring to another district under open enrollment in its pupil membership for revenue limits and general aids. A specified amount of state aid is then transferred from the resident district to the nonresident district for each open enrollment pupil. The per pupil transfer amount under current law is equal to the statewide average per pupil school district costs for regular instruction, co-curricular activities, instructional support services, and pupil support services for the prior school year. The 2012-13

per pupil transfer amount is \$6,335. A district's general aid is increased or decreased by an amount equal to the per pupil transfer amount multiplied by the district's net gain or loss of pupils under open enrollment.

State aid adjustments are not considered in determining a district's revenue limit. In other words, the positive aid transfer that a district with a net gain of pupils under open enrollment receives is outside of its revenue limit. A district with a net loss of pupils cannot increase its property tax levy to cover the negative aid transfer.

[Act 20 Section: 1810m]

29. EXPAND PART-TIME OPEN ENROLLMENT PROGRAM TO COURSE OPTIONS PROGRAM [LFB Paper 523]

Governor/Legislature: Expand the part-time open enrollment program to create a course options program. Specify that a pupil enrolled in a public school in any grade may attend an educational institution for the purpose of taking a course offered by the educational institution. As under current law, a pupil could attend no more than two courses at any time under this program. Define "educational institution" to include a public school in a nonresident school district, the University of Wisconsin System, a technical college, a nonprofit institution of higher education, a tribal college, a charter school, and any nonprofit organization that has been approved by the Department.

Provide that the school board of a pupil's resident district may reject an application by a pupil to attend a course at an educational institution if the resident district determines that either of the following apply: (a) the course does not satisfy a high school graduation requirement; or (b) the course does not conform to or support the pupil's academic and career plan (as provided for under another provision of the bill). Delete the current law provision under which a resident school district may reject an application if the cost of the course would impose an undue financial burden on the district.

Specify that an educational institution may not charge to, or receive from, the pupil or the pupil's resident district any additional payment other than the tuition payment determined by DPI for a pupil attending a course at the educational institution.

Modify the statutory references to "nonresident school board" and "nonresident school district" under the current part-time open enrollment program to instead be "educational institution" under the course options program with respect to the other provisions governing the program.

Under current law, a pupil enrolled in a public school in grades 9 to 12 may attend public school in a nonresident district to take a course offered by the nonresident district. A pupil may attend no more than two courses at any time in nonresident districts. Parents are responsible for transporting pupils to and from courses. The resident district pays the nonresident district an amount equal to the cost of providing the course or courses to the pupil, calculated in a manner determined by DPI. Assuming that the funds used by the resident district to pay tuition are

derived from general school aid or property taxes, those amounts are subject to the resident district's revenue limit. Tuition payments received by the nonresident district are not subject to the nonresident district's revenue limit.

[Act 20 Sections: 239, 1745, and 1811 thru 1827]

30. PUPILS ENROLLED IN HOME-BASED PRIVATE EDUCATIONAL PROGRAMS
[LFB Paper 524]

Governor: Expand the part-time attendance option for pupils enrolled in a home-based private educational program to require a school board to allow a pupil in a such program who has met the standards for admission for a course to attend up to two courses at a public school in the district during each school semester, if the board determines that there is sufficient space in the classroom. Require boards to determine the minimum standards for admission to a course offered by the district at each grade. Specify that a pupil enrolled in a home-based private educational program and attending a public school may attend one course in each of two school districts, but may not attend more than two courses in any semester. Define "course" to mean study which has the fundamental purposes of developing the knowledge, concepts, and skills in a subject. Specify that a pupil attending public school under these provisions be counted as 0.25 pupil for the calculation of equalization aid, but not revenue limits, for each course the pupil attends at the public school during the school year. Specify that these provisions would be applicable to all school districts, including Milwaukee Public Schools.

Under current law, the school board of a district operating high school grades must allow a pupil enrolled in a home-based educational program, who has met the standards for admission to high school, to take up to two courses during each school semester if the pupil resides in the district in which the public school is located and if the board determines that there is sufficient space in the classroom. The pupils are currently counted on a full-time equivalency basis in a district's pupil membership for the calculation of equalization aid, but not revenue limits.

Joint Finance/Legislature: Specify that only pupils attending a nonresident district would be counted as 0.25 pupil for equalization aid purposes. (Pupils attending their resident district would still be counted on an FTE basis.)

[Act 20 Sections: 1756, 1828, 1858, 1878, 1881, 1889, and 1893]

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Recommend adjustments to the base budget of -\$721,300 GPR, \$1,137,500 FED, and -\$107,700 PR in 2013-14 and -\$686,000 GPR, \$848,600 FED, and -\$107,700 PR in 2014-15 and a reduction of 12.80 FED

	Funding	Positions
GPR	-\$1,407,300	0.00
FED	1,986,100	- 12.80
PR	<u>- 215,400</u>	<u>0.00</u>
Total	\$363,400	- 12.80

positions for: (a) turnover reduction (-\$412,800 GPR and -\$434,100 FED annually); (b) removal of noncontinuing elements from the base (-\$233,500 FED and -6.80 FED positions in 2013-14 and -\$523,000 FED and -12.80 FED positions in 2014-15); (c) full funding of continuing position salaries and fringe benefits (-\$705,600 GPR, \$1,765,000 FED, and -\$118,200 PR annually); (d) overtime (\$274,500 GPR, \$50,200 FED, and \$13,800 PR annually); (e) night and weekend differential (\$55,500 GPR, \$400 FED, and \$200 PR annually); and (f) full funding of lease and directed move costs (\$67,100 GPR, -\$10,500 FED, and -\$3,500 PR in 2013-14 and \$102,400 GPR, -\$9,900 FED, and -\$3,500 PR in 2014-15.

2. PERMANENT GPR REDUCTIONS

GPR	- \$435,400
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Governor/Legislature: Reduce funding by -\$217,700 annually to implement the lapse provisions of 2011 Act 32 relating to reductions in base funding.

3. STATEWIDE STUDENT INFORMATION SYSTEM

	<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>
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$13,875,900	1.00	-\$13,875,900	- 1.00	\$0	0.00
PR	<u>4,545,700</u>	<u>3.00</u>	<u>- 4,545,700</u>	<u>- 3.00</u>	<u>0</u>	<u>0.00</u>
Total	\$18,421,600	4.00	-\$18,421,600	- 4.00	\$0	0.00

Governor: Provide \$13,875,900 GPR in 2013-14 and 1.0 GPR position, and \$1,590,500 PR in 2013-14 and \$2,955,200 PR in 2014-15 and 3.0 PR positions beginning in 2013-14 for the procurement, implementation, and ongoing support of a statewide student information system (SSIS). Modify the current law GPR appropriation for SSIS from a biennial to a continuing appropriation. The 1.0 GPR position would be a project manager to oversee implementation of the SSIS.

Of the total, provide \$1,449,800 PR in 2013-14 and \$2,771,700 PR in 2014-15 and 1.0 PR position in a new, continuing PR-S appropriation for the purposes of contracting with schools and districts to use the new system, collecting user fees as the SSIS is implemented, and using the revenue to pay vendor per pupil fees and operating costs of the SSIS. An additional \$140,700

PR in 2013-14 and \$183,500 PR in 2014-15 with 2.0 PR positions would provide dedicated technical assistance and help desk support for users of the SSIS.

Under 2011 Act 32, DPI is required to establish a student information system to collect and maintain information about pupils enrolled in public schools, including their academic performance and demographic information, aggregated by school district, school, and teacher. The State Superintendent is authorized to promulgate rules to authorize DPI to charge a fee to any person that uses the system. A total of \$15,000,000 GPR was appropriated in the 2011-13 biennium for the SSIS; of the total, \$5,000,000 GPR was released to DPI, and \$10,000,000 GPR was retained in the Joint Committee on Finance supplement appropriation. DPI expects to expend approximately \$1,124,100 by the end of 2012-13, leaving a total \$13,875,900 that will be returned to the general fund at the end of the 2011-13 biennium.

Joint Finance/Legislature: Delete \$13,875,900 GPR in 2013-14 and 1.0 GPR position, and \$1,590,500 PR in 2013-14 and \$2,955,200 PR in 2014-15 and 3.0 PR positions. Instead, provide \$7,100,000 GPR in 2013-14 in the Joint Committee on Finance's supplemental appropriation, for an open system for standardized student data collection, the fiscal effect of which is shown under Program Supplements. Repeal the current law requirement that the State Superintendent establish a student information system in conjunction with the office of the Governor. Instead, require the State Superintendent to develop a proposal for a multiple-vendor student information system for the standardized collection of pupil data. Require the proposal to allow schools and school districts to use their vendor of choice and include reporting requirements that can reasonably be met by multiple vendors. Provide that the State Superintendent may not establish a student information system, unless the proposal is approved by the Joint Committee on Finance.

Require the State Superintendent to submit the proposal to the Committee for its approval, disapproval, or modification. If the Committee approves the proposal, or modifies and approves the proposal, the Committee may release to the State Superintendent the \$7,100,000 GPR and the State Superintendent would be required to implement the proposal. The funding would be used to pay the costs incurred by schools and school districts to meet the proposal's reporting requirements. If the proposal would be approved, the State Superintendent would be required to ensure that information about pupils enrolled in independent charter schools and pupils enrolled in private schools participating in a parental choice program, in addition to school districts, including their academic performance and demographic information, aggregated by school district, school, and teacher, is collected and maintained in the student information system.

[Act 20 Sections: 226, 232, 236, 1732m, 1733, and 1734]

4. SMARTER BALANCED AND ACT ASSESSMENTS [LFB Paper 535]

	<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	\$11,492,500	2.00	\$574,000	0.00	\$12,066,500	2.00

Governor: Provide \$1,872,800 in 2013-14 and \$9,619,700 in 2014-15 and 2.0 GPR positions for the state's standardized pupil assessments program. Base level funding for pupil assessments is \$4,578,300 annually.

Of the total, \$1,550,600 in 2013-14 and \$2,782,500 in 2014-15 would be used to: (a) fund the final year of the Wisconsin knowledge and concepts examinations (WKCE) in 2013-14; (b) administer the new Smarter Balanced and Dynamic Learning assessment systems in 2014-15; and (c) replace the science and social studies portions of the WKCE in 2014-15.

Of the total, \$322,200 in 2013-14 and \$6,837,200 in 2014-15 and 2.0 GPR positions would be used to implement the full ACT suite for high school pupils statewide, including Explore, Plan, ACT college entrance exam, and WorkKeys in 2014-15. Of the ACT total, \$140,700 in 2013-14 and \$183,500 in 2014-15 would fund 2.0 GPR positions. Provide \$181,500 in 2013-14 and \$362,900 in 2014-15 for costs related to certifying all high schools as ACT administration sites, and provide \$571,600 in 2014-15 for data integration with state systems, training materials, and WorkKeys certificates. Provide \$5,719,200 in 2014-15 to administer the ACT assessment suite to pupils enrolled in grades 9, 10, and 11 statewide.

Require the State Superintendent to adopt or approve examinations to measure pupil attainment of knowledge and concepts in grades 9 and 11, in addition to grades 4, 8, and 10 under current law. Also, beginning in 2014-15, require school districts, independent charter schools, and private schools participating in the Milwaukee and Racine parental choice programs to administer the exams in grades 9 and 11. As is the case under current law for grades 4, 8, and 10, upon the request of a pupil's parent or guardian, a school must excuse the pupil from taking the exams in grades 9 and 11.

Under current law, the State Superintendent is required to adopt examinations to measure pupil attainment of knowledge and concepts in grades 4, 8, and 10. School districts, charter schools, and private schools participating in the Milwaukee and Racine parental choice programs are required to administer the examinations.

The new Smarter Balanced assessment, aligned with the Common Core state standards adopted by Wisconsin in 2010, was developed with a consortium of states with a federal Race to the Top assessment grant and will also fulfill federal accountability requirements. Smarter Balanced will be field tested in 2013-14, and will be ready to replace the mathematics, reading, and language arts portions of the current WKCE in grades 3 through 8 beginning in 2014-15. The ACT would be used in lieu of administering Smarter Balanced in high school. Until Smarter Balanced is ready, DPI is required by state and federal law to continue administering the

federally approved WKCE.

Dynamic Learning is a new assessment, also being developed by a consortium of states, that will replace the current Wisconsin Alternate Assessments for Students with Disabilities (WAA-SwD). Similar to Smarter Balanced, Dynamic Learning will replace the mathematics, reading, and language arts portions of the WAA-SwD, but not the science portion. The social studies portion is currently a locally-administered assessment not currently paid for by the state.

Joint Finance/Legislature: Provide \$574,000 in 2014-15 and require that the ACT Explore test would be administered twice in the 9th grade, in the fall and the spring. Require the Plan and ACT test be administered in the spring terms of 10th and 11th grades, respectively, with the spring term test for 10th grade first effective in 2014-15.

[Act 20 Sections: 1759 thru 1769, 1874, and 9434(4L)]

5. COMMON CORE STANDARDS EVALUATION

Joint Finance/Legislature: Provide that the Department may take no further action to implement the common core standards, and prohibit the Department from directing school districts to implement further standards. Provide that any common core standard adopted and implemented by the State Superintendent prior to July 1, 2013, remains in effect until the Department adopts the standards required below. Define "common core standards" to mean those academic standards developed for kindergarten through grade 12 by the Common Core State Standards Initiative.

Request the Joint Legislative Council to establish a study committee to study issues related to the common core standards adopted by the State Superintendent on June 2, 2010, and other academic standards, including those standards currently in effect in Wisconsin. If the Council establishes such a study committee, require the committee to schedule and hold at least three public hearings by November 1, 2013, to consider and submit a final report to the Legislative Council, the Governor, and DPI. Require the report to contain the following: (a) a comparison of the State's academic standards and the common core standards adopted by the State Superintendent on June 2, 2010; (b) a consideration of best practices in developing and adopting college and career readiness standards, by seeking information from a broad range of sources, including subject area teachers from elementary and secondary schools in this state, subject area instructors and experts from post-secondary educational institutions, and information about any other standards the study committee considers to be superior to the common core standards; and (c) a comparative evaluation of the costs to the state of adopting and implementing the assessments developed by the Partnership for Assessment of Readiness for College and Careers, and of adopting and implementing assessments developed by the Smarter Balanced Consortium and aligned to the common core standards.

No later than September 1, 2013, require the Legislative Fiscal Bureau, in consultation with DPI, to estimate the fiscal impact to the state if DPI either: (a) fully implements the adoption of the common core standards; or (b) discontinues the implementation of the common core standards and adopts other college and career readiness standards.

No later than September 1, 2013, require that DPI submit an evaluation of the English and mathematics common core standards adopted by the State Superintendent to the Speaker of the Assembly and the President of the Senate, the Governor, and the legislative study committee established under this provision, if applicable.

No later than July 1, 2014, require DPI to adopt college and career readiness standards that: (a) meet national and international benchmarks for college and career readiness; (b) align with postsecondary educational expectations; and (c) fulfill the requirements of the state's federal flexibility waiver under the Elementary and Secondary Education Act. Provide that the standards adopted by DPI could exceed, supplement, or supplant the common core standards, provided the standards meet the requirements of the state's federal flexibility waiver. Specify that DPI could not adopt standards until all of the following are satisfied: (a) the State Superintendent reviews and considers the DPI evaluation of the common core standards, as required by this provision; (b) the State Superintendent reviews and considers the fiscal impact estimate prepared by the Legislative Fiscal Bureau, as required by this provision; (c) the State Superintendent reviews and considers, if applicable, the final report of the legislative study committee established in accordance with this provision; and (d) DPI conducts at least three public hearings regarding the adoption of college and career readiness standards, at which the information described in this provision is presented and public testimony is received.

[Act 20 Section: 9134(2q)]

6. WISEDASH [LFB Paper 536]

	<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>
GPR	\$6,626,200	0.00	\$0	0.00	\$6,626,200	0.00
FED	- 98,200	- 1.00	0	0.00	- 98,200	- 1.00
PR	<u>7,238,200</u>	<u>1.00</u>	<u>- 2,242,400</u>	<u>0.00</u>	<u>4,995,800</u>	<u>1.00</u>
Total	\$13,766,200	0.00	- \$2,242,400	0.00	\$11,523,800	0.00

Governor: Provide \$3,313,100 GPR annually in a new annual appropriation for the purpose of maintenance and development of the Department's longitudinal data system (LDS), WISEdash reporting system, and data warehouse. Provide expenditure authority of \$3,570,000 PR annually in an existing data processing appropriation, for contractor payments to maintain and develop the data warehouse and reporting systems, which would be funded by the requested GPR. Delete \$49,100 FED annually and 1.0 FED position, and provide \$49,100 PR annually and 1.0 PR position, to convert an existing permanent FED position to a PR position.

The state's longitudinal data system and WISEdash have been developed and maintained under a series of grants from US Education Department, ending June 30, 2013. The LDS tracks data on pupil growth over time, at both the pupil level and in the aggregate, and WISEdash provides secure access to, and analysis of, a variety of data sources on pupil enrollment, attendance, and performance data, including data imported from the data warehouse.

Joint Finance/Legislature: Delete \$1,121,200 PR annually, to align PR expenditure authority with the portion of GPR funding attributable to work on the system to be performed by contractors.

[Act 20 Section: 228]

7. READING ASSESSMENT [LFB Paper 537]

GPR	\$2,847,000
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Governor: Provide \$1,496,000 in 2013-14 and \$1,351,000 in 2014-15 for assessments of reading readiness for pupils in four-year-old kindergarten through grade 2. Base level funding is \$800,000 annually. The reading assessment was first required for five-year-old kindergarten pupils in 2012-13 under 2011 Act 166. Require that, beginning in 2014-15, school boards and independent charter schools also assess four-year-old kindergarten pupils, and grades 1 and 2 pupils, using the appropriate, valid, and reliable assessment of literacy fundamentals selected by the Department. A corrective amendment would be needed to accomplish the intent of this provision.

Joint Finance/Legislature: Modify the Governor's recommendation to clarify that school districts and independent charter schools must assess 4K, 5K, and 1st grade pupils for reading readiness beginning in 2013-14. Also specify that beginning in 2014-15, pupils in 4K through 2nd grade must be assessed for reading readiness. Finally, modify the Governor's recommendation to require DPI, in 2014-15, to pilot an oral vocabulary assessment for 2nd grade pupils.

[Act 20 Sections: 1755 and 9134(3i)]

8. DIGITAL LEARNING PORTAL [LFB Paper 538]

	Funding	Positions
GPR	\$1,450,000	1.19

Governor/Legislature: Provide \$1,450,000 in 2014-15 and 1.19 position in a new annual appropriation for WISElearn, a statewide digital learning portal, including \$91,000 for the positions and \$1,359,000 for supplies and services such as hardware, software licensing, web hosting, and content acquisition and management. Require DPI to develop and maintain an online resource to: (a) provide educational resources for parents, teachers, and pupils; (b) offer online learning opportunities; (c) provide regional technical support centers; (d) provide professional development for teachers; and (e) enable video conferencing.

[Act 20 Sections: 229 and 1735]

9. ACADEMIC AND CAREER PLANNING [LFB Paper 539]

GPR	\$1,100,000
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Governor/Legislature: Provide \$1,100,000 in 2014-15 in a new, continuing appropriation for implementing academic and career planning statewide. Require DPI to ensure that, beginning in 2017-18, every school board is providing academic and career planning services to pupils enrolled in grades 6 to 12 in the school district. Require DPI to procure, install, and maintain

information technology, including computer software, to be used statewide by school districts to provide academic and career planning services to pupils in grades 6 to 12. Require DPI to provide guidance, training, and technical assistance to school districts and school district staff, including teachers and counselors, on how to implement model academic and career plans, including training and technical assistance that is necessary to implement the information technology provided for this purpose. Require DPI promulgate rules to implement these provisions.

[Act 20 Sections: 230 and 1737]

10. TEACH FOR AMERICA [LFB Paper 540]

GPR	\$1,000,000
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Governor: Provide \$500,000 annually in a new, biennial appropriation to make payments to Teach for America, to recruit and prepare individuals to teach in low-income or urban school districts. Teach for America is a non-profit organization that places recent college graduates and other professionals to teach for at least two years in low-income communities.

Joint Finance/Legislature: Require that funding provided be used to recruit and prepare individuals to teach in low-income or urban school districts within the state of Wisconsin.

[Act 20 Sections: 248 and 1738]

11. MASTER EDUCATOR AND NATIONAL TEACHER CERTIFICATION REESTIMATE

GPR	\$691,900
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Governor/Legislature: Provide \$212,100 in 2013-14 and \$479,800 in 2014-15 as a reestimate payments to teachers who are certified by the National Board for Professional Teaching Standards or certified as a master educator under the state licensing process. Base level funding is \$2,440,600. 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 awards annual grants of \$2,500 to qualifying teachers. In addition, higher grant awards of \$5,000 are provided to continuing nationally certified or master educators working in schools with at least 60% pupil eligibility for free and reduced-price lunch.

It is estimated that: (a) 85 educators annually would be newly certified under the program, receiving initial average grants of \$1,800 (\$153,000 annually); (b) there will be 651 continuing educators in 2013-14 and 722 continuing educators in 2014-15 receiving standard grants (\$1,627,900 in 2013-14 and \$1,804,300 in 2014-15); and (c) 139 continuing educators in 2013-14 and 153 continuing educators in 2014-15 will receive high poverty grants (\$694,200 in 2013-14 and \$766,500 in 2014-15). Finally, the IRS requires DPI to pay Medicare and Social Security taxes on behalf of continuing educators under the program (\$177,600 in 2013-14 and \$196,600 in 2014-15).

12. REQUIREMENTS FOR MASTER EDUCATORS [LFB Paper 541]

Governor: Require that, for a person licensed by the Department as a master educator under PI 34, the person also receive a rating of "effective" or "highly effective" under the applicable educator effectiveness system in order to receive an initial grant as described below for the costs of having attained the highest level of licensure. Require the person to maintain that rating to receive the nine years of follow-on grants. Provide that this requirement would first apply to persons first receiving an initial grant in the 2014-15 school year.

Under current law, DPI provides initial grants in an amount equal to the costs of obtaining certification, up to \$2,000, to teachers who are certified by the National Board for Professional Teaching Standards or who are certified as a master educator under the state licensing process. For nine consecutive years following the initial grant, DPI awards annual grants of \$2,500 to qualifying teachers. In addition, higher grant awards of \$5,000 annually are provided to continuing nationally certified or master educators who are working in schools with at least 60% pupil eligibility for free and reduced-price lunch.

Joint Finance/Legislature: Specify that the Governor's recommendation would also apply to teachers who are certified by the National Board for Professional Teaching Standards. Specify that a grant recipient that fails to maintain at least an "effective" rating would be ineligible for a grant in that school year.

[Act 20 Sections: 1750, 1751e, and 9334(2)]

13. ADULT LITERACY GRANTS

GPR	\$41,600
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Joint Finance/Legislature: Provide \$20,800 annually to increase funding for adult literacy grants under DPI for nonprofit organizations to support programs that train community-based adult literacy staff and to establish new volunteer-based programs in areas of this state that have a demonstrated need for adult literacy services. Base level funding is \$62,400.

14. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	\$317,700
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Governor/Legislature: Provide \$161,100 in 2013-14 and \$156,600 in 2014-15 as a reestimate of debt service payments for the state residential schools. Base level funding is \$995,800.

15. FUEL AND UTILITIES REESTIMATE

GPR	-\$38,200
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Governor/Legislature: Delete \$29,300 in 2013-14 and \$8,900 in 2014-15 to reflect estimated costs for fuel and utilities for the state residential schools. Base level funding is \$622,100.

16. FEDERAL REVENUE REESTIMATES

FED	\$9,735,200
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Governor/Legislature: Reestimate federal revenues by \$7,367,600 in 2013-14 and \$2,367,600 in 2014-15 for the following: (a) federal aids -- program operations (\$2,266,900 annually); (b) federal aid -- economic stimulus funds (\$5,000,000 in 2013-14); and (c) federal funds -- local assistance (\$100,700 annually).

17. PROGRAM REVENUE REESTIMATES

PR	-\$7,412,000
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Governor/Legislature: Reestimate PR expenditures by -\$3,699,600 in 2013-14 and -\$3,712,400 in 2014-15 for the following: (a) student activity therapy (-\$700 annually); (b) personnel licensure, teacher supply, information and analysis, and teacher improvement (\$267,500 annually); (c) publications (-\$56,900 annually); (d) school lunch handling charges (-\$3,386,200 annually); (e) gifts, grants, and trust funds (-\$550,000 annually); (f) state agency library processing center (-\$7,500 annually); (g) general educational development and high school equivalency exams (\$19,300 annually); (h) data processing (\$1,046,700 in 2013-14 and \$1,003,900 in 2014-15); (i) program for the deaf and center for the blind -- pupil transportation (\$39,700 in 2013-14 and \$69,700 in 2014-15); (j) program for the deaf and center for the blind -- nonresident fees (-\$49,500 annually); (k) program for the deaf and center for the blind -- leasing of space (-\$6,100 annually); (L) program for the deaf and center for the blind -- services (-\$25,400 annually); (m) funds transferred from other state agencies -- local aids (-\$990,500 annually).

18. REPEAL OBSOLETE FEDERAL APPROPRIATIONS

FED	-\$5,000,000
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Governor/Legislature: Delete \$5,000,000 in the federal aid--economic stimulus funds appropriation for 2013-14. Repeal the appropriations for federal aid--economic stimulus funds and for federal aid--state allocations, which were created in order to receive and distribute funding under the American Recovery and Reinvestment Act. Provide that the repeal would take effect July 1, 2014.

[Act 20 Sections: 246, 247, and 9434(2)]

19. SPECIAL OLYMPICS

GPR	\$15,000
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Governor/Legislature: Provide \$7,500 annually to Special Olympics Wisconsin, above base level funding of \$67,500. Funding has been provided since 1979, to offset administrative costs for the organization.

20. BADGERLINK

SEG	\$66,000
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Governor/Legislature: Provide \$29,900 in 2013-14 and \$36,100 in 2014-15 above base level funding of \$2,448,900 to maintain the current level of services for full-text database access

for state residents and libraries. Segregated funding for the program is provided through the state universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers.

21. LIBRARY SERVICE CONTRACTS

SEG	\$45,400
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Governor/Legislature: Provide \$22,700 annually above base level funding of \$1,144,500 to maintain contracts with four providers of specialized statewide library services and resources. Contracts are currently maintained with the Milwaukee Public Library, Wisconsin Library Services, Cooperative Children's Book Center, and the Wisconsin Talking Book and Braille Library (formerly known as the Wisconsin Regional Library for the Blind and Physically Handicapped).

22. NEWSLINE FOR THE BLIND

SEG	\$400
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Governor/Legislature: Provide \$400 in 2014-15 for newslines for the blind. Base level funding is \$111,100. Segregated funding is from the state universal service fund, which receives its funding through assessments on annual gross operating revenues from intrastate telecommunications providers.

23. CHANGE TWO APPROPRIATIONS FROM ANNUAL TO CONTINUING

Governor/Legislature: Modify current program revenue appropriations for publications and for general educational development and high school graduation equivalency certificates, to convert them from annual appropriations to continuing, all moneys received appropriations. This change would allow the expenditure of all revenues credited to the appropriation, rather than only the sum certain amount of funding shown in the appropriation. The publications appropriation collects funds from the sales of DPI publications to cover the costs of producing those publications. The general educational development and high school graduation equivalency appropriation receives fee revenue for the service, which is used to cover the administrative costs of issuing the certificates.

[Act 20 Sections: 233 and 234]

24. CHARTER SCHOOL TEACHING LICENSE [LFB Paper 542]

Governor/Legislature: Require the State Superintendent to grant a charter school teaching license to any person who has a bachelor's degree and demonstrates, based upon criteria established by DPI, that the person is proficient in the subjects that he or she intends to teach. Provide that the license would authorize the person to teach those subjects in a charter school. Provide that the license would be valid for three years and would be renewable for three-year periods.

In general, under current law, an education degree is required in order to be issued a teaching license, licenses are issued for specific grade bands and academic subjects, and licenses are issued according to three license stages, for periods of either 5 or 10 years. Under Chapter PI34 of the Administrative Code, a charter school instructional staff license may be issued to an individual who holds a valid state teaching license to teach a subject outside his or her teaching license. An individual assigned to teach a core academic subject in a charter school is required to hold a valid state teaching license, and have done one of the following: (a) completed a major or minor in the assigned core academic subject; (b) successfully passed a content knowledge examination, prescribed by the State Superintendent, in the assigned core academic subject; and (c) demonstrated knowledge and competence in the assigned core academic subject based on an assessment process approved by the State Superintendent.

[Act 20 Section: 1731]

25. REQUIRING CLASSROOM PRESENCE OF TEACHERS

Governor/Legislature: Require DPI to promote the delivery of digital content and collaborative instruction among schools within a school district and between two or more school districts, including through online courses. Prohibit DPI from promulgating a rule or establishing a policy that requires a licensed teacher or instructional staff person to be physically present in a classroom in which the delivery of content or collaborative instruction is being provided in that classroom digitally or through an online course.

[Act 20 Section: 1736]

26. VIRTUAL SCHOOL TEACHER REQUIREMENTS [LFB Paper 542]

Governor/Legislature: Prohibit DPI from requiring professional development for an appropriately licensed person teaching in a virtual charter school that would not otherwise be required for a similarly licensed person teaching outside of a virtual charter school. Delete the current law requirement that a person teaching an online course in a public school, including a charter school, must complete at least 30 hours of professional development designed to prepare a teacher for online teaching.

[Act 20 Sections: 1757, 1808, and 1879]

27. TEACHING EXPERIENCE [LFB Paper 542]

Governor/Legislature: Require the Department to ensure that teaching experience gained while a person held an emergency permit, issued under chapter PI 34 of the administrative code, counts toward fulfillment of the teaching experience requirement for a license based on experience or for a license as a school administrator.

Under PI 34, DPI may issue an emergency permit to an applicant who has a bachelor's degree. An emergency permit authorizes the holder to be employed as a professional school

employee for one specific assignment and is valid for one year, with the possibility of renewal. An initial educator or professional educator license may be issued to an applicant who presents evidence of having completed an approved program in another state except student teaching if the applicant verifies three or more years of successful teaching experience in the subject or grade level of preparation and if the applicant meets all other applicable requirements. A school administrator license, in general, requires three years of experience as professional school staff.

[Act 20 Section: 1758]

28. SCHOOL REPORT CARDS

Governor: Require the Department annually by June 30 to publish a school and school district accountability report (also called a "school report card") that includes multiple measures to determine a school's performance or a school district's improvement, including: (a) pupil achievement and growth in reading and mathematics; (b) measures of college and career readiness for high school pupils and measures indicative of being on track for college and career readiness in the elementary grades; and (c) gaps in pupil achievement and rates of graduation, categorized by race, English language proficiency, disability, and income level. Also require that the report include an index system to identify a school's level of performance and annually place each school into one of five performance categories. Require that, beginning one year after an independent "2r" charter school begins using the state student information system, or a private school participating in a parental choice program begins using the statewide student information system, or a system that is interoperable with that system, the Department include that school in the annual accountability report. (A separate provision of the bill would require charter schools to use the statewide student information system, and would require private schools participating in a parental choice program to either use the statewide student information system or use a system that is interoperable with that system.)

Joint Finance/Legislature: Modify the Governor's recommendation to require DPI to publish the report by September 30 each year, rather than by June 30.

Veto by Governor [C-5]: Delete the specific day (September 30) by which DPI must publish a school accountability report, so that instead DPI must publish the report annually by September.

[Act 20 Section: 1746]

[Act 20 Vetoed Section: 1746]

29. STUDENT DATA SYSTEM COLLABORATION

Governor/Legislature: Provide that the Department of Children and Families (DCF) and the Department of Workforce Development (DWD) be added to the current law agreement on cooperative research on education programs--statewide student data system, which is currently an agreement among DPI, the Wisconsin Technical College System (WTCS), the University of

Wisconsin System (UW-System), and the Wisconsin Association of Independent Colleges and Universities (WAICU). The agreement requires these agencies to collaborate to establish and maintain a longitudinal data system that collects student data from preschool programs through post-secondary education, to evaluate and study education programs in order to improve student academic achievement. Require that the system be interoperable with the work force data systems maintained by DWD. Require that, in addition to student data, work force data be exchanged among the agencies or submitted to the longitudinal data system, to the extent necessary to perform an evaluation or study of education programs operated or supervised by one or more of the participating agencies. Require that, annually by October 1, the agencies submit a joint report to the Secretary of Administration regarding their progress in establishing a longitudinal data system. Finally, require that, by the first day of the third month beginning after the effective date of the bill, the agencies (DCF, DWD, DPI, WTCS, UW-System, and WAICU) amend the agreement or enter into a new agreement so as to include DCF and DWD in the agreement.

[Act 20 Sections: 1739 thru 1743 and 9134(2)]

30. TEACHER LICENSING FORMS

Joint Finance/Legislature: Require the State Superintendent to promulgate a rule requiring an applicant for a license to provide his or her home address.

[Act 20 Sections: 1731m]

31. FOUNDATIONS OF READING TEST

Joint Finance/Legislature: Delay the effective date from January 1, 2014, to January 31, 2014, for the requirement that an applicant for an initial teaching license to teach in grades K-5, in special education, as a reading teacher, or as a reading specialist, must first pass the Foundations of Reading test.

[Act 20 Section: 2365r]

32. STUDY OF PUBLIC LIBRARY SYSTEMS

Joint Finance/Legislature: Require the Department of Administration (DOA), in consultation with DPI, to conduct a study of Wisconsin's public library systems to identify the potential for savings by: (a) consolidating systems; (b) increasing the use of technology; (c) reducing duplications and inefficiencies; (d) utilizing LEAN production principles; and (e) increasing the sharing of services between library systems. Require DOA to submit a report on this study to the Joint Committee on Finance by July 1, 2014.

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

[Act 20 Vetoes Section: 9101(3L)]

33. RURAL SCHOOLS TASK FORCE

Joint Finance/Legislature: Request the Joint Legislative Council to establish a rural schools task force by August 1, 2013, to identify funding challenges faced by rural school districts, particularly with respect to transportation and technology issues. If established, require the task force to develop a long-term plan to address these issues, especially in the context of declining enrollments, and an aging population, and submit a report to the Joint Legislative Council by April 1, 2014.

[Act 20 Section: 9127(1i)]

34. COUNTY LIBRARY LEVY EXEMPTION FOR JOINT LIBRARIES

Joint Finance/Legislature: Provide that notwithstanding current law, any city, village, town, or school district in a county levying a tax for public library service is exempt from the county levy if: (a) the municipality is included in a joint library; and (b) the municipality levies a tax for public library service, less the amount levied for public library capital expenditures, and appropriates and expends for a library fund during the year for which the county tax levy is made an amount that is not less than the average of the previous three years. Specify that this treatment first applies to property tax assessments as of January 1, 2014.

[Act 20 Sections: 761m and 9329(3L)]

PUBLIC SERVICE COMMISSION

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
FED	\$1,446,600	\$778,000	\$778,000	\$778,000	\$778,000	-\$668,600	- 46.2%
PR	34,401,800	33,601,200	34,601,200	34,601,200	34,601,200	199,400	0.6
SEG	<u>13,118,200</u>	<u>13,051,200</u>	<u>13,051,200</u>	<u>13,051,200</u>	<u>13,051,200</u>	<u>- 67,000</u>	- 0.5
TOTAL	\$48,966,600	\$47,430,400	\$48,430,400	\$48,430,400	\$48,430,400	-\$536,200	- 1.1%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
FED	7.00	1.00	1.00	1.00	1.00	- 6.00
PR	141.00	141.00	141.00	141.00	141.00	0.00
SEG	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>
TOTAL	153.00	147.00	147.00	147.00	147.00	- 6.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide standard budget adjustments totaling -\$289,200 FED and -4.0 FED positions in 2013-14 and -\$379,400 FED and -6.0 FED positions in 2014-15, -\$407,200 PR in 2013-14 and -\$393,400 PR in 2014-15, and -\$33,500 SEG annually. Adjustments are for: (a) turnover reduction (-\$262,700 PR annually); (b) removal of noncontinuing elements from the base (-\$261,400 FED and -4.0 FED positions in 2013-14 and -\$351,600 FED and -6.0 FED positions in 2014-15); (c) full funding of continuing position salaries and fringe benefits (-\$27,800 FED, -\$165,600 PR, and -\$33,500 SEG annually); and (d) full funding of lease and directed moves costs (\$21,100 PR in 2013-14 and \$34,900 PR in 2014-15).

	Funding	Positions
FED	-\$668,600	- 6.00
PR	- 800,600	0.00
SEG	<u>- 67,000</u>	<u>0.00</u>
Total	-\$1,536,200	- 6.00

2. BROADBAND EXPANSION GRANT PROGRAM [LFB Paper 118]

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

Governor: Create a broadband expansion grant program administered by the Department of Administration and require the Public Service Commission (PSC) to consult with the Department in two areas: (a) designating areas of the state as underserved areas if an area is served by fewer than two broadband service providers and (b) making broadband expansion grants to eligible applicants for the purpose of constructing broadband infrastructure in underserved areas. The bill would create a continuing appropriation in DOA funded from the universal service fund (USF) to fund the grants. For the 2013-15 biennium, the bill would set the appropriation at \$4,700,000 in 2013-14 and \$0 in 2014-15. Current law provisions require the PSC to estimate the revenues required to fund the USF programs and to assess telecommunication providers for their share of program costs. State law also directs the PSC to ensure that provider contributions are sufficient to fund the ten existing USF appropriations. The bill does not add the proposed broadband expansion grant appropriation to the list of these appropriations, and DOA indicates that it is the administration's intention to fund the grants from the "unallocated balance of the Universal Service Fund."

Joint Finance/Legislature: Modify the Governor's recommendation by requiring the PSC, rather than DOA, to administer the program. Delete the SEG appropriation in DOA funded from the USF, and, instead, create a continuing PR appropriation under the PSC to fund broadband expansion grants. Authorize the expenditure of \$500,000 PR annually. Transfer \$4.3 million PR in 2013-14 to the PSC appropriation from the DOA appropriation for IT and communications services to nonstate entities.

[Act 20 Sections: 204m, 1989b, and 9201(2L)]

3. MODIFICATIONS DUE TO ACT 10

Joint Finance/Legislature: Repeal the current law provision that prohibits the Commission from assigning functions related to scheduling or conducting public hearings to supervision by an unclassified employee. Direct the Department of Administration to convert one FTE classified position to one FTE unclassified position to reflect provisions in 2011 Wisconsin Act 10. Act 10 converted a number of positions throughout state government from classified to unclassified, including the PSC General Counsel who supervises the Commission's administrative law judge. This provision repeals a current law provision prohibiting the administrative law judge from being supervised by an unclassified employee. In addition, the Commission's position authority in the state budget system was not changed to accurately reflect the number of unclassified positions authorized under Act 10.

[Act 20 Section: 2009m]

4. UTILITY RELOCATION COSTS TO ACCOMMODATE URBAN RAIL TRANSIT SYSTEMS

Joint Finance/Legislature: Modify current law provisions pertaining to PSC review of any municipal regulation of the use of any public right-of-way by a company or a public utility for transmission lines or for other public utility purposes, as follows: (a) define municipal regulation as any contract, ordinance, resolution, order, or other regulation entered into, enacted, or issued by a municipality before, on, or after the bill's general effective date; (b) specify that a municipal regulation is unreasonable if it requires a company or public utility, including a telecommunications provider or video service provider, to pay any part of the cost to modify or relocate the company's facilities to accommodate an urban rail transit system; (c) require the PSC, upon complaint by a public utility, a telecommunications provider, including an alternative telecommunications utility, a video service provider, or any qualified complainant, to set a hearing and, determine if the municipal regulation is reasonable or unreasonable; and (d) provide that if the PSC finds any municipal regulation relating to any product or service rendered by any such provider within a municipality or relating to the terms and conditions upon which such provider occupies the streets, highways, or other public places within the municipality, to be unreasonable, the municipal regulation shall be void. Modify the current law definition of urban rail transit systems by specifying that the system provides transportation by rail in a municipality and that the system begins service on or after the general effective date of the bill. Specify that the provisions identifying certain municipal regulations as unreasonable do not apply to a current law provision that prohibits utility lines or systems from obstructing or incommoding the public use of any highway, bridge, stream, or body of water. Delete the urban rail transit system grant program and related appropriations, which were last funded in 1985-86.

[Act 20 Sections: 290g, 290r, 1564e thru 1564s, 1978d thru 1978t, and 1989c thru 1989x]

REVENUE

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$186,431,000	\$180,734,000	\$180,076,400	\$180,076,400	\$180,076,400	-\$6,354,600	- 3.4%
PR	28,229,800	29,998,100	38,660,700	38,660,700	38,660,700	10,430,900	36.9
SEG	<u>137,387,000</u>	<u>148,992,700</u>	<u>148,786,200</u>	<u>148,786,200</u>	<u>148,786,200</u>	<u>11,399,200</u>	8.3
TOTAL	\$352,047,800	\$359,724,800	\$367,523,300	\$367,523,300	\$367,523,300	\$15,475,500	4.4%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	859.28	875.33	870.53	870.53	870.53	11.25
PR	90.10	106.10	112.05	112.05	112.05	21.95
SEG	<u>102.70</u>	<u>108.70</u>	<u>106.70</u>	<u>106.70</u>	<u>106.70</u>	<u>4.00</u>
TOTAL	1,052.08	1,090.13	1,089.28	1,089.28	1,089.28	37.20

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide adjustments to the base budget for: (a) turnover reduction (-\$1,462,300 GPR and -\$117,900 SEG annually); (b) full funding of continuing salaries and fringe benefits (-\$2,412,200 GPR, -\$164,400 PR, and \$194,600 SEG annually); (c) reclassifications and semiautomatic pay progression (\$111,400 PR and \$27,400 SEG in 2013-14, and \$130,300 PR and \$42,200 SEG in 2014-15); (d) full funding of lease and directed moves costs (\$56,600 GPR, \$41,300 PR, and \$46,100 SEG in 2013-14, and \$149,400 GPR, \$49,700 PR, and \$60,200 SEG in 2014-15); and (e) minor transfers within the same appropriation.

GPR	-\$7,543,000
PR	3,900
SEG	<u>329,300</u>
Total	-\$7,209,800

2. TRANSFER UNCLAIMED PROPERTY PROGRAM ADMINISTRATION FROM STATE TREASURER

	Funding	Positions
PR	\$8,662,600	5.95

Joint Finance/Legislature: Transfer administration of the unclaimed property program from the Office of State Treasurer (OST) to the Department of Revenue (DOR). Further, provide \$4,329,800 in 2013-14 and \$4,332,800 in 2014-15 and 5.95 positions, funded from unclaimed property program revenue, to an annual PR appropriation created under DOR for administration of the program. Transfer the following appropriations from the OST to DOR: (a) unclaimed property contingency appropriation; and (b) unclaimed property claims appropriation. Specify that the incumbent employees currently occupying the positions be transferred and any employment rights and status that the employees currently have at the OST be retained. In addition, specify that the State Treasurer will be responsible for the promotion of the unclaimed property program, in consultation with the Secretary of DOR. [See "State Treasurer."]

[Act 20 Sections: 28m, 375m, 463f thru 463r, 490m, 1971m, 1971r, 1972m, 1976m, 1982d thru 1982t, 1990g thru 1990s, 2267b, 2267d, 2270e, 2270r, 2271m, 2295d thru 2295t, and 9146(1c)]

Tax Administration

1. GPR REDUCTIONS [LFB Paper 555]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
	Funding Positions	Funding Positions	Funding Positions
GPR	-\$8,880,400 - 28.95	-\$657,600 - 4.80	-\$9,538,000 - 33.75

Governor: Delete \$4,440,200 and 28.95 positions annually to reflect a permanent base level reduction in the Department's GPR appropriations and positions.

Joint Finance/Legislature: Delete \$328,800 GPR and 4.8 FTE GPR positions annually in the Division of Technology Services that have been vacant for 12 months or more.

2. TAX FRAUD ENFORCEMENT [LFB Paper 559]

Governor: Provide \$4,257,400 in 2013-14 and \$3,114,000 in 2014-15, and 10.0 positions in the Audit Bureau and 3.0 infrastructure technology support positions to prevent and reduce fraudulent refund and tax credit claims, under the individual income tax, the earned income tax credit (EITC), and the homestead tax credit (HTC). The bill also includes statutory provisions that are designed to enhance enforcement activities.

	Funding	Positions
GPR	\$7,371,400	13.00
GPR-Tax	\$28,000,000	

Civil and criminal penalties would be created for negligent or fraudulent income tax refund or tax credit claims. A person who negligently filed an incorrect claim for refund of tax or credits would be subject to a penalty of 25% of the difference between the amount claimed and the amount that should have been claimed. A person who fraudulently filed an incorrect claim for refund of tax or credits would be subject to a penalty of 100% of the difference between the amount claimed and the amount that should have been claimed. A person who filed a false or fraudulent income tax return to obtain a refund or credit with fraudulent intent would be guilty of a Class H felony, and could be assessed the cost of prosecution. Under current law, civil penalties are similar for negligence and fraud, but those penalties only apply if a taxpayer fails to report income, or evades taxes that are otherwise due. The current law criminal penalties only apply if the return is required by law.

Provisions would be created that would make individuals ineligible for homestead and earned income tax credits based on previous fraudulent or reckless claims. An individual who filed a "fraudulent" homestead or earned income tax credit claim could not file a claim for a credit for 10 successive tax years, beginning with the tax year that begins immediately after the tax year for which the Department of Revenue determined that the individual filed a fraudulent claim. "Fraudulent claim" would mean a claim that was false or excessive and filed with fraudulent intent, as determined by DOR. An individual who filed a "reckless" claim could not file a claim for a homestead or earned income tax credit for two successive tax years, beginning with the tax year that begins immediately after the tax year for which the Department determined that the individual filed a reckless claim. "Reckless claim" would mean a claim that was improper, due to reckless or intentional disregard of income tax law provisions, or of DOR rules and regulations. An individual could file a homestead or earned income tax credit, after the ineligibility period, subject to any requirements that DOR imposes on the individual to demonstrate he or she was eligible to claim the credit. There are no state current law ineligibility provisions. However, the IRC provides that if a person makes a fraudulent or reckless claim of a federal earned income tax credit, that person becomes ineligible for the credit for either a 10-year or two-year period.

The Departments of Children and Families (DCF), Health Services (DHS), Employee Trust Funds (ETF), Health Services (DHS), Transportation (DOT), and Workforce Development (DWD) would be specifically authorized to share certain information with DOR to assist DOR in tax administration activities that address fraud, identity theft, non-filing, and underreporting.

Department of Children and Families. Authorize DCF to disclose information related to kinship care and foster care assistance payments to DOR, including information contained in electronic records, solely for the purpose of administering state taxes, including verifying state tax refunds or refundable credits, and collecting debts owed DOR.

Departments of Children and Families and Health Services. Authorize DCF and DHS to provide information to DOR concerning applicants and recipients of relief funded with block grants, aid to families with dependent children, Wisconsin Works, social services, child and spousal support, and establishment of paternity and medical support liability services or the state SSI supplement, including by transmitting or granting access to electronic data, including social security numbers, for the sole the purposes of administering state taxes, including verifying

refundable individual income tax credits, and collecting debts owed to DOR. Any information obtained by DOR would be subject to statutory confidentiality provisions. Under current law, DCF is authorized to disclose information related to such programs solely for administering state taxes.

Department of Employee Trust Funds. Authorize ETF, upon request of DOR, to disclose information to DOR, including social security numbers, concerning an annuity, only for the following purposes: (a) administering the payment of state taxes; (b) to aid in collecting debts owed DOR; (c) to locate retirement system participants, or the assets of participants, who have failed to file tax returns, underreported their taxable income, or who are delinquent debtors; (d) to identify fraudulent tax returns; and (e) to provide information for tax-related prosecutions.

Disclosure of Vital Records. Provide that, upon request, the state or a local registrar, may disclose information on vital records, including social security numbers, to DOR only for the following purposes related to administering state taxes, and collection of debts referred to DOR: (a) locating persons, or the assets of persons, who have failed to file tax returns, who have underreported their taxable income, or who are delinquent debtors; (b) identifying fraudulent tax returns and credit claims; or (c) providing information for tax-related prosecutions.

Department of Transportation. Authorize DOT, upon request, to provide to DOR any applicant information maintained by DOT related to identification cards, including social security numbers. This would include DOT providing electronic access to the information. Any information obtained by DOR would be subject to statutory confidentiality provisions.

Workforce Development. Authorize DWD, upon request, to provide information, including social security numbers, to DOR concerning a claimant of unemployment compensation, for the purpose of: (a) administering state taxes; (b) identifying fraudulent tax returns; (c) providing information for tax-related prosecutions; or (d) locating persons, or the assets of persons, who have failed to file tax returns, who have underreported their taxable income or who are delinquent debtors. DOR would be subject confidentiality and inspection and disclosure limits.

These provisions would increase individual income tax revenues by an estimated \$14,000,000 in each year of the 2013-15 biennium.

Joint Finance/Legislature: Approve the Governor's recommendation and modify the effective date provision for civil and criminal penalties for negligence and fraud to apply to claims for refund, as well as the tax return. In addition, extend provisions that make individuals who file reckless or fraudulent earned income and homestead tax credit claims ineligible for future claims to all refundable tax credits under the state individual income and corporate income/franchise taxes.

[Act 20 Sections: 733, 940, 1218, 1278, 1441 thru 1444, 1718, 1721, 2164, 2165, and 9337(5)&(6)]

3. FEDERAL AUDIT REPORTS ENFORCEMENT
[LFB Paper 557]

	Funding	Positions
GPR	\$3,553,400	33.00
GPR-Tax	\$35,800,000	

Governor/Legislature: Provide \$1,578,100 in 2013-14 and \$1,975,300 in 2014-15, and 33.00 audit and compliance positions each year to increase enforcement of state tax laws based on federal audit reports. DOR receives two types of federal audit reports from the IRS: (a) adjustments for unreported income, such as interest or dividends; and (b) adjustments resulting from an IRS audit for unreported business income, nondeductible expenses, and incorrect credits claimed. Reports are provided from one to two years after the final IRS adjustment. DOR receives approximately 40,000 to 50,000 new reports from the IRS each year, and between 35,000 to 40,000 are closed each year. The administration estimates that the additional positions and related activities would generate additional individual income tax revenues of \$7,000,000 in 2013-14 and \$28,800,000 in 2014-15.

4. INCREASED RESOURCES FOR DEBT/DELINQUENT TAX COLLECTION ACTIVITIES
[LFB Papers 556 and 558]

	Funding	Positions
PR	\$1,690,000	15.00
GPR-Tax	\$1,056,000	
GPR-Earned	18,900,000	

Governor: Provide increased expenditure authority of \$739,300 PR and 15.00 PR positions in 2013-14, and \$950,700 PR and 15.00 PR positions in 2014-15, for delinquent tax and debt collection activities. The increased expenditure authority would be provided in the collections by department appropriation which is funded by revenues from extraordinary or targeted delinquent taxes. Provisions affecting the collect of delinquent taxes would be created or modified as follows;

a. The Department would be authorized to impose both continuous or a noncontinuous levy to collect delinquent taxes. A continuous levy would mean a levy that is in effect from the date on which it is served on a third party until the earlier of when the liability out of which the levy arose is satisfied, or until the levy is released. A levy imposed on commissions, wages, or salaries would have to be continuous. Under current law, a levy on salary, wages, and commissions is continuous until the liability is satisfied. All other levies on property are noncontinuous.

b. Authorize the Department to impose a levy to collect delinquent sales and use taxes.

c. Authorize DOR to use the same methods and procedures that it uses in collecting delinquent income and franchise taxes, including issuing tax warrants, imposing liens on property, and imposing a levy, to collect delinquent public utility and telephone company taxes.

d. Modify a current provision that authorizes DOR to write-off specified taxes and economic development surcharge liabilities determined to be uncollectible to include all taxes and fees that are determined to be not collectible. Currently, this provision only applies to income, franchise, sales, use, withholding, motor fuel, gift, beverage, and cigarette taxes and the economic development surcharge.

The bill would also make the following changes to the Tax Refund Intercept Program (TRIP):

a. Allow DOR to enter into agreements with other states to offset state tax refunds and refundable credits against the non-tax debts of those states, if those states agree to offset their tax refunds and refundable tax credits against Wisconsin non-tax debts.

b. Authorize DOR to offset state and municipal tax and nontax debt against motor vehicle tax refunds.

c. Authorize DOR to pass the Internal Revenue Service tax refund offset fee to the debtor. The IRS charges \$22 per offset for participation in the federal tax refund offset program. This provision would take effect on the first day of the sixth month beginning after publication of the bill.

d. Create a hierarchy for all debts certified for setoff against tax refunds and refundable tax credits as follows: (1) DOR debt; (2) child support debt certified by the Department of Children and Families; (3) state agency debt under the Statewide Debt Collection (SDC) program; (4) local government debt certified for collection under SDC; (5) state agency debt certified for refund intercept that is not part of the SDC program; (6) debt certified by a Wisconsin municipality or county that is not part of the SDC program; (7) child and spousal support debt certified by other states; (8) federal tax debt certified for refund intercept; (9) tribal debt certified for refund intercept; and (10) other states' tax debt certified for refund intercept. This provision would take effect on the first day of the sixth month beginning after publication of the bill.

These provisions would increase state general fund tax revenues by an estimated \$528,000 in each year, and increase departmental revenues by an estimated \$6,300,000 in 2013-14 and \$12,600,000 in 2014-15.

The 2007-09 biennial budget (2007 Wisconsin Act 20) created a delinquent tax pilot project, the Intensive Collection Effort (ICE), under which certain targeted delinquent tax accounts were transferred from private collection agencies to DOR Compliance Division staff. The project included reassigning 3.0 existing staff and providing expenditure authority of \$505,700 PR in 2007-8 and \$592,100 PR in 2008-09 and 7.0 project positions. The collections by the department PR appropriation was created to fund the project positions and related costs, and the source of program revenues was additional revenues generated by the project. The project positions expired after four years, and were deleted. DOR then reassigned GPR staff to ICE. The collections by the department appropriation has 2013-14 base level supplies and services funding of \$141,500.

ICE staff work on larger in-state income and business accounts that would otherwise be referred to private collection agencies. DOR has authority to take certain actions including filing delinquent tax warrants to place a lien on property owned by the taxpayer, certifying wages for garnishment, placing a levy on assets, and arranging installment payments, that are not available to private collection agencies. ICE staff have engaged in the following activities: (a) making

direct contact with taxpayers whose accounts would normally be referred to collection agencies or the Field Compliance Section; (b) expanding involuntary collection activities, such as wage certifications, levies, garnishments and supplemental hearings; (c) determining if personal liability assessments could be made against officers of corporations with delinquent taxes; (d) intensifying efforts related to locating and contacting delinquent taxpayers; (e) reviewing dormant and suspended accounts; (f) more closely reviewing accounts before they are written off as uncollectible; and (g) reviewing accounts in the top 100 on the delinquent tax Internet site.

Under current law, DOR is authorized to offset against state tax refunds and refundable tax credits: (a) amounts owed for state taxes; (b) debts to state agencies; (c) debts owed to state, county, and municipal courts; (d) delinquent child and spousal support and maintenance payments; and (e) debts owed to counties and municipalities. The Department is allowed to enter into agreements with the IRS and/or the Department of Treasury to offset state tax refunds and refundable tax credits against federal tax and nontax debts, if the federal agency offsets federal tax refunds against state tax and nontax debts. The state can charge a fee of up to \$25 for each transaction. DOR can enter into agreements with other states to offset state tax refunds and refundable tax credits against the tax debts of those states, if those states agree to offset their tax refunds and refundable tax credits against Wisconsin tax debts. DOR is also authorized to enter into agreements with federally recognized Indian tribes in Wisconsin to offset state tax refunds and refundable tax credits against tribal obligations, and to charge a fee of up to \$25 for each transaction for such setoffs. In general, the costs of debt collection activities are funded by fees charged to the debtor, and amounts collected are placed in the Department's debt collection appropriation to fund administrative costs. Under the bill, annual expenditure authority of \$811,800 PR and 5.50 PR positions are provided in the debt collection appropriation.

Joint Finance/Legislature: Modify the Governor's recommendation to:

a. Reference the Wisconsin Child Support Program under s. 49.855 (1) of the statutes, including child support, family support, maintenance, and related fees, certified by the Department of Children and Families (DCF), as the debt to be certified for setoff against tax refunds after Department of Revenue tax debt has been collected.

b. Authorize DOR to enter into agreements with other states to offset tax and nontax debt of the states and their local governments; and

c. Include the nontax debt of other states and their local governments in the setoff hierarchy along with tax debt.

[Act 20 Sections: 1445 thru 1448, 1451 thru 1453, 1454 thru 1456, 1467, 1474, 1501, 1509, and 9437(4)&(5)]

5. REDUCED EXPENDITURES FROM EFFICIENCIES

GPR	- \$22,000
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Governor/Legislature: Reduce funding by \$11,000 annually to reflect reduced costs due to the following tax administration provisions:

a. Modify notification provisions related to imposing a levy on property to authorize DOR to notify, in a manner prescribed by DOR, the owner of real and personal property and the possessor of personal property, at the possessor's request, of any property obtained through the levy process. Delete the requirement that DOR notify the owner of the sale of property obtained through the levy process. Under current law, 10 days after a tax becomes delinquent, DOR can obtain the property of a taxpayer by levy and sell the property to collect the tax and the expenses of the levy. DOR must notify the owner of both the levy on real property and the sale of the property. DOR is also required to notify the possessor of personal property of a levy on that property. DOR must also provide a public notice of the sale of property obtained through the levy process.

b. Modify the point of collection of the petroleum inspection fee at airport hydrant systems, by specifying that fuel shipped by a pipeline spur to an airport hydrant system is considered received when the fuel is received from the main pipeline and placed into the initial or primary storage facility or holding terminal by the owner of the storage facility or holding terminal. [See "Safety and Professional Services -- Buildings and Environmental Regulation"]

c. Modify the current law provision that requires municipalities to report the value of tax exempt computers, cash registers, and fax machines to DOR by changing the date by which the report must be submitted from May 1 to the second Monday in June. [See "Shared Revenue -- Property Tax Relief"].

[Act 20 Sections: 1449, 1450, 1506 thru 1508, 1512, 1513, 9337(2), and 9437(6)&(7)]

6. MINOR TRANSFERS BETWEEN APPROPRIATIONS

	Funding	Positions
GPR	-\$176,400	- 1.00
PR	74,400	1.00
SEG	<u>102,000</u>	<u>0.00</u>
Total	\$0	0.00

Governor/Legislature: Provide \$38,200 PR and \$50,000 SEG in 2013-14, and \$36,200 PR and \$52,000 SEG in 2014-15, and 1.0 PR position annually, and delete \$88,200 GPR and 1.0

GPR position annually, to align programs with the appropriate funding. The adjustments include: (a) accurately reflecting the estimated costs of space rental; (b) realigning positions and funding to the correct program by moving them from collection of state taxes to administrative services; (c) moving 1.00 liquor tax and alcohol enforcement agent to the correct funding source; and (d) reallocating funding between appropriations to properly account for liquor tax and alcohol enforcement and postage costs.

7. TECHNICAL CORRECTIONS

Governor/Legislature: Reflect reorganization of the Divisions of Technical Services (DTS) and State and Local Finance (SLF). The DTS reorganization moves all funding and positions from the Business Intelligence Services Bureau, the WINPAS Project, and the IPAS Project subprograms into the Applications Services Bureau. The SLF reorganization transfers funds and positions from the Assessment Practices Bureau and the Property Tax Bureau to the

Audit Bureau, the Equalization Bureau, the Manufacturing and Utility Bureau, SLF administration, and Department Overhead. The Department's FTE positions are aligned with the technical budget system listing. This provision also reflects the correction of technical errors.

8. RELIANCE ON PAST AUDITS [LFB Paper 557]

Governor: Provide that a person who was subject to an audit determination by DOR, including for corporate income/franchise taxes for tax years beginning after December 31, 2008, all other members of that person's combined group (as determined under combined reporting provisions), would not be liable for any amount that DOR asserted that the person owed if all of the following conditions were satisfied:

a. The liability asserted by the Department in the current audit determination is the result of a tax issue that is the same as the tax issue associated with the prior audit determination.

b. A Department employee who was involved in the prior audit determination identified and reviewed the tax issue before completing the prior audit determination, as shown by any schedules, exhibits, audit reports, documents, or other written evidence pertaining to the audit determination, and the schedules, exhibits, audit reports, documents, or other written evidence show that the Department did not adjust the person's treatment of the tax issue.

c. The liability asserted by DOR was not asserted in the prior audit determination.

These provisions would not apply if:

a. The liability asserted by DOR in the current audit determination is the result of an amendment to law, promulgation of rule, guidance published by the Department, written guidance that was provided to a person who is a party to an audit determination, or final and conclusive decision of the Tax Appeals Commission (TAC) or courts since that prior audit determination.

b. The taxpayer did not give the Department employee adequate and accurate information.

c. The issue is settled by written agreement between the taxpayer and Department.

These provisions would first apply to audit determinations issued on January 1, 2014, regardless of when a prior audit determination was made. In 2007, a similar, but broader, provision was estimated to reduce state tax revenues by \$6.5 million annually. DOR indicates that this provision would have a substantially smaller, but unknown fiscal effect.

In performing audits of specific items, such as deductions or credits, or in more extensive cases, DOR typically reviews only the tax information relevant to that audit. In general, the Department does not conduct a full audit of all the information on a tax return. As a result, DOR does not attest to the accuracy of all the tax information reported by those taxpayers. Under current law, DOR is authorized to absolve a taxpayer of liability for interest and penalties, if the

taxpayer shows that the liability resulted because the taxpayer relied on an erroneous written statement made by a DOR employee acting in an official capacity, and that the taxpayer gave the DOR employee adequate and accurate information.

2011 Act 68 included a nonstatutory provision requiring DOR to include in its 2013-15 biennial budget request statutory modifications related to reliance on past audits that were substantially similar to provisions included in September, 2011, Special Session Senate Bill 23, as introduced.

Joint Finance/Legislature: Modify provision to clarify that the provisions apply to audit determinations, that the exception for not providing information applies specifically to information regarding the tax issue in the prior audit determination, and the exception for settling the issue through a written agreement applies specifically to a tax issue settled in the prior audit determination.

[Act 20 Sections: 1464 thru 1466, and 9337(1)]

9. VETERAN EMPLOYMENT TAX CREDIT ANNUAL REPORT [LFB Paper 560]

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

Governor: Modify the veteran employment tax credit report established by 2011 Wisconsin Act 212 to require DOR, in conjunction with DWD, to submit an annual report to the Joint Committee on Finance (JFC) by June 30 of each year, instead of a single report by June 30, 2013. The annual report would have to describe the impact of the tax credits on unemployed veterans in Wisconsin, and include the number and type of businesses that have claimed the credits. To schedule a meeting for the purpose of reviewing the report, the Co-Chairpersons of the Committee would be required to notify DOR and DWD within 14 days after the submittal date of the report.

The veteran employment tax credit was created under the individual income and corporate income and franchise taxes by 2011 Wisconsin Act 212, and is provided for hiring disabled veterans to work at the claimant's business in Wisconsin. For full-time jobs, the credit is equal to \$4,000 in the tax year in which the disabled veteran is hired, and \$2,000 in each of the following three tax years. For part-time jobs, the credit amounts are \$2,000 and \$1,000, respectively. The amount of the credit for hiring part-time workers is prorated, based on the hours worked by the disabled veteran relative to a full-year work schedule of 2,080 hours.

Act 212 requires DOR and DWD to submit a single report to JFC, by June 30, 2013, describing the impact of the credit on unemployed veterans and including the number businesses that claimed the veteran employment tax credit. DOR and DWD are also required to include recommendations to the Committee as to whether the credits should continue. Within 14 working

days after the report is submitted, the JFC Co-Chairpersons must notify DWD and DOR that the committee has scheduled a meeting for the purpose of reviewing the recommendation. The recommendation may be implemented only upon approval of the committee.

The bill would delete the report requirement under Act 212, and instead require an annual report, and require the JFC Co-Chairpersons to schedule a meeting to review the report each year.

Joint Finance/Legislature: Repeal the veteran employment tax credit, effective for tax year 2013, and, instead, create a grant program to be administered by the Department of Workforce Development that would provide grants to employers equal to the amount of tax credits they would receive. Create a sum sufficient appropriation in DWD, funded with revenues from the veterans trust fund, to support the costs of paying the grants. This provision would increase state income and franchise tax reserves by an estimated \$500,000 annually (See "Workforce Development -- Other Programs").

[Act 20 Sections: 375v, 1348bn, 1348c, 1398g, 1398h, 1434g, 1434h, 1714d, and 2366]

10. INTEREST ON AMOUNTS OWED TAXPAYERS

GPR-Tax	\$10,400,000
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Joint Finance: Reduce the rate of interest paid by the state on amounts owed by DOR to taxpayers from 9% to 3%, beginning on the bill's general effective date, regardless of the taxable periods to which the funds pertain. This provision would increase state general fund tax revenues by an estimated \$5,200,000 annually.

Assembly/Legislature: Clarify that the reduction in interest rates on amounts owed taxpayers from 9% to 3% applies to all taxes administered by DOR.

[Act 20 Sections: 1440e, 1444d, 1500f, 1500j, 1508r, 1896w, 1897h, 1897j, 1961n, and 9337(4i)]

11. VENUE FOR APPEAL OF CERTAIN TAX APPEALS COMMISSION DECISIONS

Joint Finance/Legislature: Authorize appeals of Tax Appeals Commission decisions related to DOR sales and use tax determinations and manufacturing property assessments to be made to the circuit court of the county in which the taxpayer's headquarters is located, where the taxpayer owns other property, or where the taxpayer transacts business in Wisconsin, instead of the Dane County circuit court

[Act 20 Sections: 1287j and 1500b]

Lottery Administration

1. LOTTERY SALES PROJECTIONS

Governor: Project lottery sales of \$526.6 million annually in 2013-14 and 2014-15. Projected lottery sales provide the basis for estimating the lottery and gaming 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 2011-12 actual lottery sales and the 2012-13 estimated sales projected in October, 2012, for the purpose of certifying the amount available for the 2012(13) lottery property tax credit. The Governor's 2013-15 projected sales are based on sales models utilized by DOR to estimate both lotto (on-line) and instant ticket games.

Lottery Sales Projections
(\$ in Millions)

<u>Game Type</u>	<u>Actual</u> <u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>Percent Change</u> <u>from 2012-13</u>	<u>2014-15</u>	<u>Percent Change</u> <u>from 2013-14</u>
Scratch	\$320.1	\$305.1	\$310.6	1.8%	\$310.6	0.0%
Pull-Tab	2.3	2.4	2.3	-4.2	2.3	0.0
Lotto	<u>225.2</u>	<u>213.7</u>	<u>213.7</u>	0.0	<u>213.7</u>	0.0
Total	\$547.6	\$521.2	\$526.6	1.0%	\$526.6	0.0%

Joint Finance/Legislature: Reestimate lottery sales in 2012-13 to increase sales projections by \$44.7 million. Projected lottery sales would result in an increase of \$8.5 million in the lottery fund opening balance in 2013-14. As a result, additional revenue would be available for property tax relief in 2013-14 through distribution of the lottery and gaming tax credit. [See Item #5, Lottery Fund Condition Statement.]

2. SUM SUFFICIENT APPROPRIATIONS FOR RETAILER COMPENSATION AND VENDOR FEES SEG \$10,572,200

Governor/Legislature: Provide \$5,286,100 annually to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Provide an increase of \$3,102,900 annually to adjust base-level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2013-15 biennium.

Basic retailer compensation rates under current law are 5.5% for lotto ticket sales and 6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales as incentive payments to retailers (estimated at \$5.3 million in 2013-14 and 2014-15, under the bill). Base-level funding of \$33,723,100, established under 2011 Wisconsin Act 32, was based on estimated lottery sales of \$480.1 million in 2012-13. The

Department's lottery sales projections of \$526.6 million in 2013-14 and 2014-15 result in the increases to retailer compensation funding.

Vendor Fees. Provide an increase of \$2,183,200 annually to adjust base-level funding for vendor fees to reflect projected lottery sales in the 2013-15 biennium. Base-level funding for vendor fees is \$11,193,400.

Vendor fees are paid under a major procurement contract for the provision of data processing services relating to both lotto and instant lottery games. The fees are calculated on the basis of a percentage of total ticket sales. Under the bill, vendor fees would total 2.5% of lottery ticket sales in both 2013-14 and 2014-15.

3. LOTTERY ADMINISTRATION POSITIONS [LFB Paper 565]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$602,200	6.00	-\$206,500	- 2.00	\$395,700	4.00

Governor: Provide \$266,800 in 2013-14 and \$335,400 in 2014-15 from the lottery fund and 6.0 program operations positions annually for administration of the lottery. According to the administration, these "positions will ensure enhanced lottery security and accounting." The positions include: (a) 1.0 financial specialist (financial services); (b) 1.0 lottery supervisor (security); (c) 1.0 inventory control position (warehouse services); and (d) 3.0 lottery customer service specialists (retail management).

Joint Finance/Legislature: Delete \$92,500 in 2013-14 and \$114,000 in 2014-15 and 2.0 positions. Positions deleted are 2.0 lottery customer service specialists.

4. PAYMENT OF PRIZE MONEY

Governor/Legislature: Allow the estate of a lottery prize winner, upon the death of the prize winner, to petition the administrator of the lottery to receive the remaining prize money, other than prize money from a multijurisdictional lottery, in the form of a lump sum. Specify that petitions must be submitted within 18 months of the death of the prize winner or within 18 months of the effective date of the provision, whichever is later.

Provide that if a person, other than a prize winner, is designated to receive prize money, other than prize money from a multijurisdictional lottery, in the form of an annuity, the person may petition the administrator within 18 months after the date of the receipt of the first annuity payment, or within 18 months of the effective date of the provision, whichever is later, to have the remaining prize money paid in the form of a lump sum.

The above provisions would become effective on the first day of the fourth month after

publication of the budget act.

Clarify current law to specify that, in the case of a prize winner's death, any remaining prize installments that have not been paid will be payable to a winner's estate.

[Act 20 Sections: 2257, 2261 thru 2264, and 9437(1)]

5. LOTTERY FUND CONDITION STATEMENT [LFB Paper 565]

Governor: The total revenue available for tax relief, minus a statutory reserve (2% of gross revenue), the amount appropriated for the lottery fund school levy tax credit, and lottery and gaming credit late applications payments, determines the amount available for the lottery and gaming tax credit. Under the bill, the state would no longer appropriate revenue from the lottery fund to pay a portion of the school levy property tax credit [see, "Shared Revenue and Tax Relief -- Property Tax Credits"]. The following fund condition statement provides information on operating revenues, appropriated amounts for expenditures (including the Governor's recommended increase in lottery administration expenditures), estimates of interest earnings and gaming-related revenue, and the amounts available for tax relief credits under the bill. The bill would appropriate \$149,849,700 in 2013-14 and \$142,900,100 in 2014-15 for the lottery and gaming tax credit.

Joint Finance/Legislature: Based on reestimated revenues in 2012-13, increase the lottery fund opening balance by \$8,546,900 in 2013-14. [See Item #1, Lottery Sales Projections.] In addition, modify the lottery fund condition statement to reflect the deletion of 2.0 positions recommended by the Governor. [See Item #3, Lottery Administration Positions.]

**2013-15 Lottery Fund Condition Statement
2013 Act 20**

	<u>2013-14</u>	<u>2014-15</u>
Fiscal Year Opening Balance	\$25,704,500	\$10,534,000
Operating Revenues		
Ticket Sales	\$526,636,400	\$526,636,300
Retailer Fees and Miscellaneous	<u>63,800</u>	<u>63,800</u>
Gross Revenues	\$526,700,200	\$526,700,100
Expenditures		
Prizes	\$310,686,300	\$310,686,300
Retailer Compensation	36,826,000	36,826,000
Vendor Payments	13,376,600	13,376,600
General Program Operations	21,591,500	21,653,600
Appropriation to DOJ	388,900	389,500
Appropriation to DOR	279,500	281,800
Program Reserves	<u>248,000</u>	<u>500,800</u>
Total Expenditures	\$383,396,800	\$383,714,600
Net Proceeds	\$143,303,400	\$142,985,500
Interest Earnings	\$111,200	\$124,600
Gaming-Related Revenue	\$102,300	\$102,300
Total Available for Tax Relief*	\$169,221,400	\$153,746,400
Appropriations for Tax Relief		
Lottery and Gaming Credit	\$158,489,100	\$143,014,100
School Levy Tax Credit (Lottery Fund)	0	0
Late Lottery and Gaming Credit Applications	<u>198,300</u>	<u>198,300</u>
Total Appropriations for Tax Relief	\$158,687,400	\$143,212,400
Gross Closing Balance	\$10,534,000	\$10,534,000
Reserve (2% of Gross Revenues)	\$10,534,000	\$10,534,000
Net Closing Balance	\$0	\$0

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

[Act 20 Section: 198]

SAFETY AND PROFESSIONAL SERVICES

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$4,826,400	\$4,824,600	\$4,824,600	\$4,824,600	\$4,824,600	- \$1,800	0.0%
FED	3,860,000	1,576,800	1,576,800	1,576,800	1,576,800	- 2,283,200	- 59.2
PR	97,630,400	99,163,700	95,703,900	95,703,900	95,703,900	- 1,926,500	- 2.0
SEG	<u>26,935,800</u>	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>- 26,935,800</u>	- 100.0
TOTAL	\$133,252,600	\$105,765,100	\$102,105,300	\$102,105,300	\$102,105,300	- \$31,147,300	- 23.4%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	1.00	1.00	1.00	1.00	1.00	0.00
FED	18.60	5.90	5.90	5.90	5.90	- 12.70
PR	283.70	277.70	255.70	255.70	255.70	- 28.00
SEG	<u>66.30</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>- 66.30</u>
TOTAL	369.60	284.60	262.60	262.60	262.60	- 107.00

Budget Change Items

Departmentwide and Professional Regulation

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 570]

	Governor <u>(Chg. to Base)</u>		Jt. Finance/Leg. <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	- \$1,800	0.00	\$0	0.00	- \$1,800	0.00
FED	- 37,800	0.00	0	0.00	- 37,800	0.00
PR	- 3,373,300	- 2.00	- 1,000	0.00	- 3,374,300	- 2.00
SEG	<u>610,400</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>610,400</u>	<u>0.00</u>
Total	- \$2,802,500	- 2.00	- \$1,000	0.00	- \$2,803,500	- 2.00

Governor: Reduce funding by \$1,420,500 (-\$900 GPR, -\$19,400 FED, -\$1,702,000 PR and \$301,800 SEG) in 2013-14, and by \$1,382,000 (-\$900 GPR, -\$18,400 FED, -\$1,671,300 PR, and \$308,600 SEG) in 2014-15, and delete 2.0 PR positions, beginning in 2013-14, to reflect the following standard adjustments: (a) turnover reduction (-\$393,300 PR annually); (b) removal of non-continuing elements (-\$106,200 PR annually, and -2.0 PR positions beginning in 2013-14); (c) full funding of continuing positions (-\$900 GPR, -\$69,800 FED, -\$1,840,300 PR, and -\$32,500 SEG annually); and (d) lease and directed move costs (\$50,400 FED, \$637,800 PR, and \$334,300 SEG in 2013-14, and \$51,400 FED, \$668,500 PR and \$341,100 SEG in 2014-15).

Joint Finance/Legislature: Reduce fringe benefits for full funding of continuing positions by \$500 PR annually.

2. INFORMATION TECHNOLOGY MODERNIZATION [LFB Paper 571]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$2,880,000	- \$1,407,000	\$1,473,000

Governor: Provide \$1,455,000 in 2013-14 and \$1,425,000 in 2014-15 to fund various information technology (IT) improvements, including: (a) \$1,200,000 annually for contracted staff and software purchases; (b) \$225,000 annually for software licenses and "off-the-shelf" software; and (c) \$30,000 in 2013-14 to purchase mobile devices for use by the Department of Safety and Professional Services (DSPS) field staff.

The administration indicates that certain software and other IT applications currently in use for public access to licensing information, and for DSPS employee activities, are outdated. The planned modernization activities include software upgrades or replacements, transition to a paperless system for credentialing and other functions, and implementation of a web-based system to allow DSPS staff to access data and file reports from the field.

Joint Finance/Legislature: Reduce funding by \$710,900 in 2013-14 and by \$696,100 in 2014-15, and reallocate remaining funds among appropriations to accurately reflect the way that the Department budgets administrative costs. This reduction and reallocation would provide 50% of the funding recommended by the Governor for IT modernization activities.

In addition, create an administrative appropriation in the Safety and Buildings program that will charge the appropriations in that program for administrative services, and delete the appropriation in the Professional Regulation and Administrative Services program that formerly made those charges.

[Act 20 Sections: 205q and 209q]

3. TRANSFER INFORMATION TECHNOLOGY POSITIONS TO DOA [LFB Paper 572]

	<u>Governor</u>		<u>Jt. Finance/Leg.</u>		<u>Net Change</u>	
	<u>(Chg. to Base)</u>		<u>(Chg. to Gov)</u>			
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$0	- 10.00	-\$760,000	- 5.00	-\$760,000	- 15.00

Governor: Delete 10.0 positions, beginning in 2013-14, to reflect the transfer of staff that conduct information technology (IT) activities from DSPS to the Division of Enterprise Technology (DET) in the Department of Administration (DOA). Specify that, on the bill's general effective date, 10.0 positions and incumbent employees holding those positions, as identified by the DOA Secretary, are transferred to DOA. Provide that the transferred employees would have all the rights and status they enjoyed at DSPS, and that any employees who have attained permanent status in class may not be required to serve a probationary period. These positions currently provide application development, IT infrastructure, and desktop support services.

The bill would transfer annual salary and fringe benefit funding from the agency's administrative services appropriation (-\$928,800 and -8.00 positions) and general program operations appropriation for the regulation of professions (-\$197,700 and -2.00 positions) to the administrative services supplies and services budget (\$1,126,500), which DSPS would use, in combination with base funding for contracted IT services, to pay for IT services it purchases from DET. The bill would increase DOA's budget by \$1,341,500 PR annually and 10.0 PR positions, beginning in 2013-14 (See the entry under "Administration -- Transfers" for the provision of funding and positions to DOA.)

Joint Finance/Legislature: Reduce funding by \$380,000 annually, and eliminate 5.0 positions, beginning in 2013-14, to: (a) make a minor funding adjustment requested by the administration and accurately reflect how the Department budgets administrative services costs (\$5,200 annually); and (b) delete 5.0 vacant IT positions that the administration did not recommend transferring to DOA (-\$385,200 annually).

[Act 20 Section: 9138(5)]

4. PRESCRIPTION DRUG MONITORING PROGRAM

PR	\$220,000
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Governor/Legislature: Provide \$110,000 annually to fund data collection and database services for the prescription drug monitoring program (PDMP) that DSPS is currently developing under provisions enacted in 2009 Wisconsin Act 362 and related rules. The purpose of the program is to track the prescribing of certain prescription drugs to improve patient safety and reduce illegal use of drugs susceptible to abuse. DSPS plans to issue a request for proposals for vendors to conduct PDMP data collection activities. The annual funding increase would be supported from the agency's general program operations appropriation (\$48,300), which is supported from licensing fees from pharmacists and other professions (other than physicians),

and from the appropriation for activities related to the Medical Examining Board, funded from physician and certain other health-care professional licensing fees (\$61,700 annually).

Modify statutes as follows: (a) authorize DSPS to expend moneys credited to the appropriation that funds general program operations of the Medical Examining Board to also authorize expenditures for the PDMP; and (b) repeal a provision that requires DSPS to submit an application for a federal grant to fund the establishment and operation of the PDMP.

The Department applied for, and received a federal grant totaling \$399,300 over two years to establish the program. The federal grant will terminate in September, 2013. This item would provide funding for the ongoing operation of the program.

[Act 20 Section: 205]

5. RECLASSIFY DIVISION ADMINISTRATOR POSITION [LFB Paper 573]

Governor: Convert 1.0 position that serves as the Administrator of the Division of Management Services from a classified position to an unclassified position, beginning in 2013-14. Increase from eight to nine the statutory limit on the number of unclassified division administrator positions for the agency.

Joint Finance/Legislature: Reduce from 13.0 to 10.0 the total number of unclassified positions authorized in the state budget system, reduce from 16.0 to 10.0 the maximum number of unclassified positions authorized for the agency by statute, and delete the current law authorization for DSPS to employ unclassified bureau directors. With these changes, DSPS would be authorized the following unclassified positions: (a) 3.0 positions in the Secretary's office (Secretary, Deputy Secretary, and Executive Assistant); (b) 1.0 public information officer; (c) 1.0 chief legal counsel; and (d) 5.0 division administrators, including the Administrator of the Division of Management Services recommended by the Governor. The Department currently has 3.0 unclassified bureau directors, and 1.0 unclassified deputy division administrator that would be converted to the classified service.

Specify that the three incumbent employees in the unclassified bureau director positions and the incumbent employee in the deputy division administrator position be appointed to comparable positions in the classified service, as determined by the DSPS Secretary. Require the administrator of the Division of Merit Recruitment in the Office of State Employee Relations (OSER) to waive the requirement for competitive examination, and to certify the incumbent employees for the classified positions. Require the OSER administrator to determine the employee's probationary status under current law, except that the employee shall receive credit toward his or her probationary period for the time that the employee had been employed in any unclassified position immediately prior to appointment.

Veto by Governor [D-34]. Delete the statutory reduction to the number of DSPS unclassified positions, maintaining the current statutory maximum number of unclassified positions (16.0). DSPS has currently filled 13.0 authorized unclassified positions as follows: (a) 3.0 positions in the Secretary's office (Secretary, Deputy Secretary, and Executive Assistant); (b) 1.0 public information officer; (c) 1.0 chief legal counsel; (d) 4.0 division administrators (not

including the Administrator of the Division of Management Services); (e) one deputy division administrator; and (e) 3.0 bureau directors. In his veto message, the Governor directed DSPS to maintain current staffing levels and remain within its current position authority.

[Act 20 Vetoed Sections: 2002, 2006m, 2182m, and 9138(8c)]

6. EDUCATIONAL APPROVAL BOARD TRANSFER

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$1,170,800	5.00	-\$1,170,800	- 5.00	\$0	0.00

Governor: Provide \$585,400 annually and 5.0 positions, beginning in 2013-14, to reflect the transfer of the Educational Approval Board (EAB) from the Wisconsin Technical College System (WTCS) Board to DSPS. Renumber current statutory provisions relating to operation of EAB from Chapter 38 ("Technical College System") to Chapter 440 ("Safety and Professional Services") and three appropriations for EAB from the WTCS budget to the DSPS budget. Provide that, on the bill's general effective date, all incumbent employees, assets, liabilities, tangible personal property, and contracts are transferred to DSPS, with all employees entitled to the same rights and status they enjoyed under the WTCS with no probationary period. (See the entry under "Wisconsin Technical College System" for the reduction in funding and positions under WTCS.)

As under current law, the Board would remain a distinct unit within the agency, exercising its powers, duties and functions prescribed by law. However, budgeting, program coordination and related management functions would be performed under the direction and supervision of DSPS, rather than WTCS.

Joint Finance/Legislature: Delete provision.

7. TRANSFER REGULATION OF CERTAIN PROFESSIONS AND ORGANIZATIONS TO THE DEPARTMENT OF FINANCIAL INSTITUTIONS [LFB Paper 574]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR-REV	\$0		-\$707,500		-\$707,500	
GPR-Earned	0		- 41,700		- 41,700	
PR	-\$108,600	- 1.00	\$0	0.00	-\$108,600	- 1.00

Governor: Reduce funding by \$45,100 in 2013-14 and by \$63,500 in 2014-15, and delete 1.0 position, beginning in 2013-14, to transfer the regulation of charitable organizations, fund-

raising counsel, professional fund-raisers, professional employer organizations (PEOs), and professional employer groups (PEGs) to the Department of Financial Institutions (DFI). DSPS currently regulates these organizations and individuals, in addition to other professions, by establishing credential and practice standards, and enforcing those requirements. The transfer would take effect on the later of October 1, 2013, or the first day of the fourth month after publication of the bill.

The bill does not include any change to fee revenues DSPS would collect from the regulated professions (PR-REV), or to the amount that DSPS would transfer to the general fund (GPR-Earned). The bill assumes an increase of \$688,600 PR-REV (\$312,900 in 2013-14 and \$375,700 in 2014-15) and \$580,000 GPR-Earned (\$267,800 in 2013-14 and \$312,200 in 2014-15) in DFI, as shown in a corresponding item under the summary of the DFI budget.

Transfer of DSPS Regulatory Authority to DFI. Create Chapter 202 of the statutes, titled "Regulation of Professional Employer Organizations and the Solicitation of Funds for a Charitable Purpose." This chapter would consist of the following subchapters: (a) Subchapter I would provide DFI general powers and duties that DSPS currently has with respect to the regulation of professions; (b) Subchapter II would renumber sections related to regulation of charitable organizations, fund-raising counsel, and professional fund-raisers; and (c) Subchapter III would renumber sections related to regulation of PEOs and PEGs.

Differences from Current DSPS Law. In general, the bill would simply renumber DSPS provisions, or create language in DFI that mirrors current provisions in DSPS regarding regulation of professions. However there are several instances where the new DFI provisions for regulation of these professions differ from current law. These include the following:

- Fees for initial credentials and credential renewals for charitable organizations, fund-raising counsel, and professional fund-raisers are currently set in DSPS statute. The bill would repeal these statutory fees, and establish a process by which DFI may adjust fees by submitting a proposal to the Joint Committee on Finance (JFC). The request would then be subject to a passive review process, where the proposal would be approved if the JFC Co-Chairpersons do not notify DFI within 14 days of receiving the request that the Committee has scheduled a meeting to consider the proposal. If a meeting is scheduled, then the proposal would be subject to Committee approval. DFI would be required to post the adjusted fees to the Department's website, and in any registration renewal notices.

- Fees for initial credentials and credential renewals for PEOs and PEGs are currently set through a JFC passive review process that applies to most DSPS-regulated professions, where DSPS is required to biennially re-estimate the administrative costs of regulating the profession and submit a proposal to the Committee to modify the fees. The bill would replace this process for PEOs and PEGs with the same passive review process that would apply to charitable organizations, professional fund-raisers, and fund-raising counsel. There would be no requirement for DFI to submit a fee proposal every two years.

- The fee for a late renewal application in DSPS is currently \$25. Under the bill, DFI would be authorized to determine the amount of a late renewal fee.

- Currently, DSPS must inform charitable organizations and professional fund-raisers of deficiencies in the application, fee payment, registration statement, or bond required to be maintained for registration, within 20 days of receiving an application. The bill would require DFI to inform those individuals or organizations of such deficiencies upon the Department's review of the application, rather than within 20 days of receiving an application.

- Charitable organizations currently must include the organization's address and telephone number in a registration statement. The bill would require registration statements for charitable organizations to include the organization's e-mail address, in addition to the street address and telephone number.

- Current law has provisions related to disciplinary actions for the professions that would be transferred. For charitable organizations, fund-raisers, and fund-raising counsel, DSPS may deny, limit, suspend or revoke a registration if the Department finds that the registrant made a false statement in any registration statement, annual report, or other required filing, or has otherwise violated the statute or rules related to the regulation of those organizations and professions. In addition to, or instead of, a reprimand, denial, limitation, suspension or revocation, DSPS may fine impose a fine of at least \$100, but not more than \$1,000, for each violation.

For PEOs and PEGs, DSPS may currently reprimand, deny, limit, suspend, revoke, restrict, refuse to renew or otherwise withhold a registration if the Department finds the applicant, registrant, or controlling person has done any of the following: (a) acted as a PEO or PEG without first registering with the Department; (b) knowingly made a material misrepresentation or false statement in an application for initial or renewal registration; (c) been convicted of any crime in connection with the operation of a PEO or PEG, any crime that involves deceit or fraud, or any crime that otherwise affects the ability of the applicant, registrant or controlling person to operate a PEO or PEG; or (d) willfully committed a violation of the statutes or related rules regulating PEOs or PEGs. In addition to, or instead of, a reprimand, denial, limitation, suspension or revocation, DSPS may fine impose a fine of up to \$1,000 for each violation. The Department or a district attorney of the proper county may bring actions to enjoin the PEO or PEG from the violations. Any person aggrieved by any disciplinary action taken by the Department may apply for judicial review under Chapter 227 of the statutes.

The bill would combine the disciplinary action provisions for charitable organizations, fund-raising counsel, professional fund-raisers, PEOs, and PEGs into one section of Chapter 202. Under this section, DFI would be able to reprimand a registrant, or deny, limit, suspend, revoke, restrict, refuse to renew, or otherwise withhold a registration if DFI finds that an applicant, registrant, or controlling person has done any of the following: (a) made a material misrepresentation or false statement in an application for registration or registration renewal, in any other information submitted to the Department, or in a report required of PEOs under the state's unemployment insurance statutes; or (b) violated the statutes or related rules regulating these professions and organizations. In addition to, or instead of, a reprimand, denial, limitation, suspension, revocation, restriction, nonrenewal, or other withholding of a registration, DFI would be able to impose a fine of up to \$1,000 for each violation. The Department or a district attorney of the proper county could bring actions to enjoin the organization or individual from the

violations. Any person aggrieved by any disciplinary action taken by the Department could apply for judicial review under Chapter 227 of the statutes.

- The bill would modify the definition of a "fund-raising counsel" to specify that the fund-raising counsel may not solicit in Wisconsin, and would not include an attorney, investment counselor or employee of a financial institution who, in the normal course of his or her work, advises a person to make a contribution. Current law does not include the language regarding soliciting "in this state," or the language regarding the "normal course or work" for an attorney, investment counselors or employees of financial institutions.

- The bill would modify the definition of a "professional fund-raiser" to specify that the fund-raiser would not include an attorney, investment counselor or employee of a financial institution who, in the normal course of his or her work, advises a person to make a contribution. Current law does not contain the language regarding the "normal course or work" for an attorney, investment counselors or employees of financial institutions.

Transfer of Fees, Assets, Employees, and Other Matters. Specify that the fees for initial registrations and renewals of registrations that were in effect for the transferred professions on the effective date of the transfer would remain in effect until modified by DFI. Transfer all of the following to DFI from DSPS:

- All assets and liabilities primarily related to the transferred professions, including any unencumbered fee revenue collected by DSPS from charitable organizations, fund-raising counsel, professional fund-raisers, PEOs and PEGs, as determined by the DOA Secretary;

- All tangible personal property, including records, that is primarily related to the regulation of the transferred professions, as determined by the DOA Secretary;

- All contracts entered into by DSPS that are in effect on the effective date of the transfer. DFI would be required to carry out any contractual obligations until the contract is modified or rescinded;

- All positions and incumbent employees with duties primarily related to the regulation of the transferred professions, as determined by the DOA Secretary. The employees transferred would have the same status as they enjoyed in DSPS immediately before the transfer, and any permanent employee would not be required to serve a probationary period;

- All rules promulgated and orders issued by DSPS that were in effect on the effective date of these provisions, and that relate to the regulation of the transferred professions, until they expire, are modified or rescinded by DFI; and

- Any matter pending with DSPS that is primarily related to the regulation of the transferred profession, as determined by the DOA Secretary. Any materials submitted to or actions taken by DSPS would be considered to be submitted to or taken by DFI.

Cross References and Technical Changes. Modify statutory cross references to reflect renumbered sections related to the regulation of charitable organizations, fund-raising counsel,

professional fund-raisers, and PEOs and PEGs. Make multiple technical changes to the renumbered sections to conform to current drafting standards.

Joint Finance/Legislature: Decrease PR-REV by \$707,500 (-\$340,800 in 2013-14 and -\$366,700 in 2014-15), and decrease GPR-Earned by \$41,700 (-\$1,000 in 2013-14 and -\$40,700 in 2014-15) to reflect the effect of this item on revenues collected and transferred to the general fund by DSPS. A corresponding adjustment is summarized under DFI.

[Act 20 Sections: 787, 869, 1227, 1237, 1238, 1461, 1715, 1894, 1895, 1896, 1936, 1974, 1989, 1990, 2161, 2179, 2180 thru 2182, 2183, 2184 thru 2187, 2188 thru 2217, 2232 thru 2253, 2267, 9138(1), and 9438(1)]

8. STUDY TO CONSOLIDATE DSPS WITH THE DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION

Joint Finance/Legislature: Require DOA to conduct a study concerning the consolidation of the functions performed by DSPS and the Department of Agriculture, Trade and Consumer Protection (DATCP) under a single new agency to be named the Department of Agriculture, Regulation, and Trade (DART).

In conducting the study, require DOA to consult with DSPS and DATCP, the boards and councils attached to or under those agencies, and members of the public who may be affected by the consolidation of DSPS and DATCP.

Require DOA to submit a report of its findings from the study, no later than January 1, 2014, to the Joint Committee on Finance and to the appropriate standing committees of the Legislature. Specify that the report shall set forth DOA's recommendations concerning the proposed consolidation, and, if DOA recommends consolidation, the report must include the Department's recommendations concerning all of the following:

- a. The organizational structure, programmatic functions, and performance objectives of DART.
- b. Any reduction in staff that may be accomplished as a result of the consolidation of DSPS and DATCP.
- c. Any board or council that may be eliminated as a result of the consolidation of DSPS and DATCP.
- d. Any adjustments to credentialing fees that may be appropriate and the capability of revenue from credentialing fees to support the operations of DART.
- e. Any function of, or program of DSPS or DATCP that should be transferred to an agency other than DART.
- f. Any ways to improve the services to be provided by DART.

Require DOA, if it recommends consolidation in its report to the legislative committees, to also submit with that report draft legislation that implements, effective July 1, 2015, the recommendations made in the report.

[Act 20 Section: 9101(3s)]

9. REPEAL STATE CHIROPRACTIC EXAMINATION

	Positions
PR	- 1.00

Joint Finance: Repeal the requirement that applicants for a license to practice as a chiropractor successfully complete an examination administered by the Chiropractic Examining Board. Under current law, that examination is required to test the subjects usually taught in such reputable schools of chiropractic, and include a practical examination of the applicant. The Board charges an examination fee to each applicant to cover the cost of developing and administering the examination.

Specify that applicants for a license to practice as a chiropractor must successfully complete parts I, II, III, and IV of the examination administered by the National Board of Chiropractic Examiners (NBCE). Specify that an applicant must receive a score of at least 438 on Part III of the NBCE examination, and a score of 475 on Part IV of the NBCE examination.

Specify that these provisions first apply to applications for licenses to practice as a chiropractor that the Board receives on the effective date of the bill.

Delete 1.0 PR position from the DSPS general program operations appropriation, beginning in 2013-14.

Assembly/Legislature: Specify that any person who applied for licensure as a chiropractor between January 1, 2012, and the effective date of the bill and who took the state practical examination administered by the Chiropractic Examining Board, would not be required to have successfully completed the practical examination under current law, and would be considered to have satisfied all examination requirements for licensure by doing the following: (a) achieving a score of 375 or higher on Part III of the NBCE examination; (b) achieving a score of 375 or higher on Part IV of the NBCE examination; and (c) successfully completing the state-administered exam on the applicant's knowledge of the laws of this state relating to the practice of chiropractic.

[Act 20 Sections: 204s, 204v, 2228e, 2228p, 9138(9q), and 9338(1q)]

10. SPEECH LANGUAGE PATHOLOGISTS AND AUDIOLOGISTS FEE REDUCTION

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
PR-REV	- \$186,300	\$186,300	\$0
GPR-Earned	- 20,700	20,700	0

Joint Finance/Legislature: Set the biennial license renewal fee for speech language pathologists and audiologists at \$75 in statute. Currently, the license renewal fee for those professions is set at \$170 under the biennial DSPS fee proposal, as approved by the Joint Committee on Finance. This item would reduce fee revenues DSPS collects by an estimated \$186,300 in 2014-15, and reduce the amount transferred to the general fund by DSPS (GPR-Earned) by an estimated \$20,700 in 2014-15.

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

[Act 20 Vetoed Sections: 2179g, 2179r, 2183d, 2187am, 2187b, and 2230m]

11. BAIL BOND AGENTS

Joint Finance/Legislature: Establish credentialing requirements for bail bond agents, bail bond agencies, and bail recovery agents, as described below. Allow a licensed bail bond agent or bail bond agency to act as a surety under current law provisions related to bail and other conditions of release. Provide that a licensed bail bond agent or a licensed bail bond agency be compensated at a rate of 10 percent of the amount of the bail bond set.

Specify that a licensed agent or licensed agency may only be compensated to act as a surety for a bail bond in an action brought in Dane, Kenosha, Milwaukee, Racine, or Waukesha Counties. Specify that five years after the effective date of the bill, this limitation on the area where agents or agencies may be compensated no longer applies (effectively implementing this policy statewide).

Specify that if a judge requires the execution of an appearance bond, he or she must determine whether the bond may be posted by a licensed bail bond agent or a licensed bail bond agency.

Require a surety that is a bail bond agent or a bail bond agency to pay a filing fee equal to three percent of the bail bond amount to a court at the time that a bail bond is posted with that court.

Definitions. Define the following terms for these purposes.

"Bail bond" as a bond executed under Chapter 969 of the statutes.

"Bail bond agency" as a business that is compensated to act as a surety for a bail bond.

"Bail bond agent" as an individual who is compensated to act as a surety for a bail bond.

"Bail recovery agent" as an individual who is compensated to locate, apprehend, transport, or surrender a principal (as defined below).

"Business" as a sole proprietorship, partnership, limited liability company, joint venture, or corporation.

"Business representative" as an owner, officer, director, manager, member, partner, or other agent of a business.

"Certified bail recovery agent" as an individual who is certified as a bail recovery agent.

"Law enforcement officer" as defined under current law related to the law enforcement standards board.

"Licensed agency" as a business that is licensed as a bail bond agency under this proposal.

"Licensed agent" as an individual licensed as a bail bond agent under this proposal.

"Principal" as a defendant who is released on a bail bond.

Licensure and Certification Requirements. Prohibit an individual from acting as a bail bond agent, or a business from acting as a bail bond agency, without being licensed by DSPS, and the bail bond being underwritten by a surety company authorized to do business in Wisconsin. Prohibit individuals from acting as a bail recovery agent without a certification from DSPS.

Require the Department to grant a license to act as a bail bond agent to an individual who meets all of the following requirements: (a) submits an application on a form prescribed by DSPS, that includes the individual's name and address, a recent photograph of the individual, and any other information required by DSPS by rule; (b) satisfies the education, training, and examination requirements established by DSPS by rule; (c) subject to current law on unlawful discriminatory actions, does not have an arrest or conviction record; (d) pays an initial licensure fee of \$1,000; and (e) satisfies any other requirements established by DSPS by rule.

Require the Department to grant a license to act as a bail bond agency to a business that meets all of the following requirements: (a) submits an application on a form prescribed by DSPS, which must include the business' name and address, the name and addresses of the business representatives of the business and any bail bond agents who are employed by the business, and any other information required by DSPS by rule; (b) has at least one business representative that is a licensed bail bond agent; (c) pays the initial credential fee of \$1,000; and (d) satisfies any other requirement established by DSPS by rule.

Require the Department to grant a certification to act as a bail recovery agent to an individual who meets all of the following requirements: (a) submits an application on a form prescribed by DSPS, that includes the individual's name and address, a recent photograph of the individual, and any other information required by DSPS by rule; (b) is a licensed private detective under current law; (c) satisfies the education, training, and examination requirements established by DSPS by

rule; (d) subject to current law on unlawful discriminatory actions, does not have an arrest or conviction record; and (e) satisfies any other requirements established by DSPS by rule.

Require a renewal application to be submitted on a form prescribed by DSPS and including any information required by DSPS by rule by the following dates: (a) by December 1 of each odd-numbered year for renewal of licenses for bail bond agents and bail bond agencies; and (b) renewal of certifications for bail recovery agents by September 1 of each even-numbered year. Set the license renewal fee for bail bond agents and bail bond agencies at \$1,000.

Create a sum certain, annual PR appropriation in DSPS for the administration of bail bond agent licenses, bail bond agency licenses, and bail bond recovery certifications. Credit all fees received under the provisions of this motion to this provision. Provide no expenditure authority for DSPS in this appropriation in the 2013-15 biennium.

Allow DSPS to conduct a criminal background check on applicants for a credential as a bail bond agent or a bail recovery agent.

Register. Require DSPS to compile and keep current a register of the names and addresses of all licensed agents, licensed agencies, and certified bail recovery agents. Require DSPS to make that register available for public inspection during regular state office hours, and allow DSPS to make the register available on the DSPS website.

Require DSPS to annually provide a complete copy of the register to clerk of circuit court in each county. Require DSPS to promptly notify the clerk of circuit court in each county concerning any disciplinary action taken against a licensed agent, licensed agency, or certified bail recovery agents.

Required Bond or Liability Requirement. Require each licensed agency to file with DSPS a bond or liability policy approved by the Department, in an amount determined by DSPS by rule that covers all licensed agents of the agency. Require each licensed agent who is not included under such a bond or liability policy to file with DSPS a bond or liability policy approved by the Department, in an amount determined by DSPS by rule.

Restrictions on Business Referrals. Prohibit a licensed agent, licensed agency, or certified bail recovery agent (and no agent or employee of a licensed agent, licensed agency, or certified bail recovery agent) from, in the course of its business, suggesting in any manner that a principal or a prospective principal contact or engage the services of any attorney or law firm. Prohibit any law enforcement officer or other employee of the state or of a city, town or county from suggesting in any manner that a defendant contact or engage the services of any bail bond agent or bail bond agency.

Advisory Committee. Require DSPS to establish and appoint members to an advisory committee to advise the Department on matters relating to the regulation of bail bond agents, bail bond agencies, and bail recovery agents. Specify that the seven members of the committee would consist of the following: (a) one private criminal defense attorney licensed to practice law in Wisconsin; (b) one current or former law enforcement officer; (c) one current or former judge for the circuit court in any county; (d) one member of the public who is a Wisconsin resident and is not

a current or former law enforcement officer; (e) one member of the state Legislature, to be appointed by the Governor with the advice and consent of the Senate; and (f) two representatives of the bail bond industry in Wisconsin. Specify that the committee members be appointed to three-year terms, and that no member may serve more than two consecutive terms.

Disciplinary Proceedings and Actions. Authorize DSPS to conduct investigations and hearings to determine whether a violation of any of the following has occurred: (a) the new DSPS provisions described in this motion; (b) any administrative rules related to these provisions; or (c) any other law of this state, a law of another state, or a federal law substantially related to the activity or a bail bond agent, bail bond agency, or bail recovery agent. Allow DSPS to reprimand a licensed agent, licensed agency, or certified bail recovery agent, or deny, limit, suspend, or revoke a license or certification if the Department finds that an applicant for licensure or certification, a licensed agent, licensed agency, or certified bail recovery agent has done any of the following: (a) made a material misstatement in an application for a license or license renewal or a certification or certification renewal; (b) advertised in a false or misleading manner; (c) obtained or attempted to obtain compensation through fraud or deceit; (d) violated the new DSPS provisions described in this motion, any administrative rules related to these provisions; or any other law of this state, a law of another state, or a federal law substantially related to the activity or a bail bond agent, bail bond agency, or bail recovery agent; or (e) engaged in unprofessional conduct. In addition to, or instead of, a reprimand or other action, allow DSPS to establish by rule other penalties for violations, including a forfeiture not to exceed \$5,000 for each violation.

Rules. Require DSPS to promulgate rules necessary to administer these provisions, including rules that do all of the following: (a) establish photographic identification requirements for licensed agents and certified bail recovery agents; (b) establish rules of conduct that prohibit the use or display of badges, shields, or any other similar images or items normally associated with law enforcement officers, require contact with appropriate local law enforcement officers or other officials before an attempt is made to apprehend a principal, and establish other requirements concerning the location, apprehension, transportation, and surrender of principals; (c) establish procedures for the temporary certification in this state of bail recovery agents from other states (with DSPS being able to enter into reciprocal agreements with other states concerning the activities of bail bond agencies, and bail recovery agents in the respective states; and (d) establish education, training, examination, and other requirements for the initial licensure of bail bond agents, and the initial certification of bail recovery agents, and establish such requirements for the renewal of those licenses and certifications. When promulgating these rules, require DSPS to consult federal law and the laws of other states concerning the licensure requirements that exist under those laws for bail bond agents, bail bond agencies, and bail recovery agents, and require DSPS to attempt to make the requirements it established by rule consistent with those laws.

Agents and Agencies are Not Insurance Intermediaries. Specify that a bail bond agent or a bail bond agency is not an "intermediary" for the purposes of regulation of insurance intermediaries by the Office of the Commissioner of Insurance.

Pretrial Release and County Reports. Require the Director of State Courts to create and make available to the clerks of court in Dane, Kenosha, Milwaukee, Racine, and Waukesha Counties forms for reporting the information described below, and prescribe a schedule for the clerks of court

to return the completed forms. Require the Director of State Courts to require, at a minimum, annual reports from the clerks of those counties.

Require the clerks of court in Dane, Kenosha, Milwaukee, Racine and Waukesha Counties (using the forms provided by, and according to the schedule prescribed by, the Director of State Courts) to provide the following information to the Director of State Courts: (a) the number of people charged in the county with a misdemeanor who were released without bail; (b) the number of people in the county charged with a misdemeanor who were released with the execution of an appearance bond, and the amount of the appearance bond required, and for each person so released who used a surety, whether the surety is a natural person, a surety under current law related to guaranteed traffic arrest bonds, or a licensed bail bond agent or bail bond agency; (c) the number of people charged with felonies who were released without bail; (d) the number of people in the county charged with a felony who were released with the execution of an appearance bond, the amount of the appearance bond required, and for each person so released who used a surety, whether the surety is a natural person, a surety under current law related to guaranteed traffic arrest bonds, or a licensed bail bond agent or bail bond agency; (e) the number of court orders entered for forfeiture of bail due to noncompliance with the conditions of the bond, and for each order, whether the person used a surety who is a natural person, a surety under current law related to guaranteed traffic arrest bonds, or a licensed bail bond agent or bail bond agency; (f) the amount of bail forfeited and subsequently collected, and a description of how the collected amounts were allocated by the clerk of courts and the county treasurer; (g) the amounts of bail collected and not collected; (h) the disposition of the case against every person subject to an order counted under (e), including a statement as to whether, when, and by whom the person was located after he or she failed to make a required court appearance; and (i) a statement of the time and costs expended by the county to locate a person subject to an order counted under (e).

Report by Director of State Courts. Require the Director of State Courts to, no later than four years and four months after the effective date of the bill, to submit to the Chief Clerk of each house of the Legislature, for distribution to the Legislature under current law procedures, a report summarizing the reports prepared by the clerks of courts in Dane, Kenosha, Milwaukee, Racine and Waukesha Counties.

Emergency Rules. Allow DSPS to promulgate emergency rules to implement these provisions for the period before any permanent rules go into effect, but not to exceed the period of time authorized for emergency rules under current law. Specify that DSPS is not required to provide evidence that promulgating such a rule is necessary for the preservation of public peace, health, safety, or welfare, and is not required to provide a finding of emergency for these rules.

Specify that these provisions would take effect on the first day of the seventh month beginning after publication of the bill.

Veto by Governor [I-49]: Delete provision.

[Act 20 Vetoed Sections: 200 (as it relates to s. 20.165(1)(gk), 204s, 204w, 2179t, 2179w, 2183e, 2183m, 2183s, 2187c, 2187g thru 2187o, 2265ce, 2285m, 2342c thru 2342w, 9138(1i), and 9438(1i)]

Buildings and Environmental Regulation

1. TRANSFER PECFA PROGRAM TO DNR [LFB Papers 575, 576, and 577]

	Funding	Positions
FED	- \$1,594,600	- 10.70
SEG	<u>- 14,443,100</u>	<u>- 20.80</u>
Total	- \$16,037,700	- 31.50

Governor: Delete \$797,300 FED annually, \$7,220,500 SEG in 2013-14 and \$7,222,600 SEG in 2014-15, and 10.7 FED and 20.8 SEG positions annually to transfer DSPS responsibilities related to the petroleum environmental cleanup fund award (PECFA) program and the abandoned tank removal program to DNR on the effective date of the bill. Federal funding is from the U.S. Environmental Protection Agency (EPA) leaking underground storage tank program. The source of the SEG funding is the 2¢ per gallon petroleum inspection fee, which is deposited in the petroleum inspection fund. The fee is imposed on most gasoline, gasohol, diesel, kerosene, fuel oil and aviation fuel. The petroleum inspection fund is used for debt service on revenue obligations issued to pay PECFA claims, PECFA claims and program administration, petroleum inspection and tank regulation, transfers to the transportation fund, environmental programs administered by DNR and other agencies, and major disaster assistance to local governments.

Currently, the PECFA program is jointly administered by DNR and DSPS. The program reimburses owners for a portion of the costs of cleanup of contamination from leaking petroleum product storage tank systems (primarily at retail gas stations) and home heating oil systems. The program has paid a cumulative total of over \$1.5 billion for partial or full cleanup at over 13,000 sites. The abandoned tank removal program contracts for the removal of underground petroleum tanks if the tank is abandoned and the owner is unable to pay for the removal. (See the entry under "Natural Resources -- Air, Waste, and Contaminated Land" for the provision of funding and positions to DNR.)

Responsibilities. DSPS is currently responsible for the financial reimbursement portion of the program, including review and payment of claims, and for administration of cleanup at low- and medium-risk petroleum sites. DNR is responsible for administration of cleanup at high-risk petroleum sites and sites with contamination from petroleum and non-petroleum hazardous substances, and establishes state environmental standards for cleanup of contaminated sites in the state. DNR and DSPS currently jointly administer provisions related to analyzing the risk of contamination at PECFA sites, bidding the remedial action activities, and maintaining consistency of program administration.

The bill would transfer all DSPS responsibilities related to PECFA and the abandoned tank removal program to DNR. Responsibilities that are currently performed jointly by DSPS and DNR would be performed solely by DNR.

The bill would make a change related to the responsibilities of DNR. Currently, DNR or DSPS, whichever agency has jurisdiction over the cleanup at a site, is required to estimate the cost of completing a site investigation and remedial action for a site. If that estimate exceeds \$60,000, DSPS is required to implement a competitive bidding process to assist in determining

the least costly method of remedial action. DSPS may not implement the bidding process if: (a) DSPS and DNR choose to waive the requirement if an enforcement standard is exceeded in groundwater within 1,000 feet of a well operated by a public utility, or within 100 feet of any other well used to provide water for human consumption; or (b) DSPS or DNR waive the requirement after providing notice to the other Department. Under the bill, the references to DSPS would be repealed but, if DNR waives the requirement under (b), DNR would have to first provide notice to the Secretary of DOA. The current waiver provision does not include notice to DOA.

The bill would transfer from DSPS to DNR, the current authority to promulgate rules for the assessment and collection of fees to recover the Department's costs for providing approval of the completion of remedial action activities at low- and medium-risk PECFA sites, and would transfer the PR appropriation for receipt of any such fees from DSPS to DNR. DSPS has not promulgated rules for collection of these site closure fees. DNR currently assesses a fee of \$750 for closure of most PECFA sites under its jurisdiction, and those fees are deposited in a DNR program revenue appropriation for administration of remediation activities at contaminated properties. Under the bill, low- and medium-risk PECFA sites that become subject to DNR approval of case closure would become subject to the current DNR case closure PR fees.

Transfer of Program Assets, Employees, and Matters. Provide that the assets, liabilities, tangible personal property, and records of DSPS related to the PECFA program or abandoned tank removal program under sections 101.143, 101.1435, and 101.144 of the statutes, as determined by the Secretary of DOA, would become the assets, liabilities, property, and records of DNR.

Specify that any matter pending with DSPS on the effective date of the bill related to the PECFA program or abandoned tank removal program, as determined by the Secretary of DOA, would be transferred to DNR, and all materials submitted to or actions taken by DSPS related to the pending matter would be considered as having been submitted to or taken by DNR.

Specify that all contracts that were entered into by DSPS before the effective date of the bill that are related to the PECFA program or abandoned tank removal program, as determined by the Secretary of DOA, remain in effect on the effective date of the bill and are transferred to DNR. Require DNR to carry out any obligations under the contract until the contract is modified or rescinded by DNR to the extent allowed under the contract.

Require that all rules promulgated by, and orders issued by DSPS that are in effect on the effective date of the bill, and that relate to the PECFA program or abandoned tank removal program, as determined by the Secretary of DOA, remain in effect until their specified expiration dates or until amended or repealed by DNR.

Provide that all positions and all incumbent employees holding those positions in DSPS that relate to the PECFA program or abandoned tank removal program, as determined by the Secretary of DOA, are transferred to DNR on the effective date of the bill. Employees transferred under the provision would have the same rights and status related to state employment relations under Chapters 111 and 230 of the statutes. Transferred employees who

have attained permanent status would not be required to serve a probationary period.

Transfer of Funding and Positions. The following table displays the changes under the bill. Federal positions are primarily hydrogeologists who review and approve remediation work at PECFA sites. SEG positions include site reviewers, claims reviewers who audit and approve PECFA claims, and supervisors.

PECFA Funding Under the Bill

<u>Appropriation</u>	<u>Funding</u> 2013-14	<u>Funding</u> 2014-15	<u>Positions</u> 2014-15
Federal Funds:			
General program operations			
DSPS	-\$797,300	-\$797,300	-10.70
DNR	<u>811,600</u>	<u>811,600</u>	<u>10.70</u>
Subtotal FED	\$14,300	\$14,300	0.00
Segregated Revenues:			
PECFA administration			
DSPS	-\$2,570,500	-\$2,572,600	-20.80
DNR	<u>2,070,500</u>	<u>2,072,600</u>	<u>17.80</u>
Net Change PECFA administration	-\$500,000	-\$500,000	-3.00
PECFA awards			
DSPS	-\$4,550,000	-\$4,550,000	
DNR	<u>4,550,000</u>	<u>4,550,000</u>	
Net Change PECFA awards	\$0	\$0	
Removal of abandoned tanks			
DSPS	-\$100,000	-\$100,000	
DNR	<u>100,000</u>	<u>100,000</u>	
Net Change Removal of tanks	\$0	\$0	
Subtotal SEG			
DSPS	-\$7,220,500	-\$7,222,600	-20.80
DNR	<u>6,720,500</u>	<u>6,722,600</u>	<u>17.80</u>
Net Change	-\$500,000	-\$500,000	-3.00
Total:			
DSPS	-\$8,017,800	-\$8,019,900	-31.50
DNR	<u>7,532,100</u>	<u>7,534,200</u>	<u>28.50</u>
Net Change	-\$485,700	-\$485,700	-3.00

Joint Finance/Legislature: Approve the Governor's recommendation with the following modifications: (a) delete, instead of transferring to DNR, the duplicative DSPS authority to assess and collect fees for PECFA case closure, and the associated PR appropriation; and (b) transfer any unexpended balance in the DSPS federal LUST appropriation to DNR on the effective date of the bill. (See "Natural Resources -- Air, Waste, and Contaminated Land" for: (a) the additional deletion of \$282,300 FED and \$67,200 SEG annually and 4.2 vacant FED and

1.0 vacant SEG positions; and (b) the provision of an additional \$4,100,000 SEG for PECFA awards.)

[Act 20 Sections: 210b, 214, 217 thru 222, 283, 522 thru 528, 1597 thru 1599, 1634 thru 1708, 1709, 1996, 1998, 2056, 2057, 2122 thru 2125, 2127 thru 2130, 2265, 2280, 9138(7), and 9238(2L)]

2. TRANSFER PETROLEUM INSPECTION AND TANK REGULATION TO DATCP
[LFB Papers 575 and 578]

	<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>
FED	-\$650,800	- 2.00	\$0	0.00	-\$650,800	- 2.00
SEG	<u>- 10,741,200</u>	<u>- 44.50</u>	<u>- 200,000</u>	<u>0.00</u>	<u>- 10,941,200</u>	<u>- 44.50</u>
Total	-\$11,392,000	- 46.50	-\$200,000	0.00	-\$11,592,000	- 46.50

Governor: Provide -\$325,400 FED annually, -\$5,368,300 petroleum inspection fund SEG in 2013-14 and -\$5,372,900 SEG in 2014-15, and -2.0 FED, and -44.5 SEG positions annually to reflect the transfer of the petroleum inspection and tank regulation functions to the Department of Agriculture, Trade and Consumer Protection (DATCP) on the effective date of the bill. Segregated funding is from the petroleum inspection fund. The source of the FED funding is a U.S. Environmental Protection Agency (EPA) grant for underground storage tank regulation. (See the entry under "Agriculture, Trade and Consumer Protection" for the provision of funding and positions to DATCP.)

Responsibilities. DSPS is currently responsible for the following functions in the petroleum inspection and tank program: (a) inspection of petroleum product storage tanks at retail service stations, non-retail locations (such as businesses which maintain tanks for their business fleet), bulk plants, and terminals; (b) inspection of petroleum products that enter the state, including products that enter and leave terminals, retail service stations and other tank locations; (c) operation of nine petroleum labs throughout the state, where staff perform tests on inspected petroleum products; (d) administration of state statutes and administrative rules related to flammable, combustible, and hazardous liquid storage (found in Chapter 101 of the statutes and SPS 310 of the administrative code); (e) permitting and registration of aboveground and underground flammable, combustible, and hazardous liquid product storage tanks (petroleum and non-petroleum products); (f) maintenance of the state's database of aboveground and underground flammable, combustible, and hazardous liquid product storage tanks; (g) administration of a credentialing program for businesses and persons required to be certified to work in certain tank specialties (such as persons who install, remove, clean, reline, or test the tightness of tank lines); (h) regulation of the proper closure, removal and abandonment of tank systems; (i) administration of federally-delegated requirements for the construction, maintenance, and abandonment of tanks for the storage, handling or use of federally-regulated hazardous liquids; (j) administration of contracts with local governments and private entities

authorized to inspect tanks on behalf of DSPTS (local program operator agents); and (k) plan review related to the storage, handling, or use of flammable or combustible liquids or federally regulated substances. The bill would transfer all of the responsibilities described above under (a) through (j) from DSPTS to DATCP.

Transfer of Funding and Positions. The following table displays the changes under the bill. The 44.5 SEG petroleum inspection and tank positions deleted from DSPTS include 43.5 classified positions and 1.0 unclassified division administrator, while DATCP would receive 38.0 classified positions. The 2.0 FED federal classified positions include a storage tank regulation section chief and environmental program associate. The 2.0 FED positions are funded from a U.S. EPA grant for underground storage tank regulation.

Petroleum Inspection and Tank Regulation Funding

<u>Appropriation</u>	<u>Funding</u> <u>2013-14</u>	<u>Funding</u> <u>2014-15</u>	<u>Positions</u> <u>2014-15</u>
Federal Funds:			
General operations			
DSPTS	-\$325,400	-\$325,400	-2.00
DATCP	<u>329,100</u>	<u>329,100</u>	<u>2.00</u>
Subtotal FED	\$3,700	\$3,700	0.00
Segregated Revenues:			
Petroleum inspection and tank operations			
DSPTS	-\$5,368,300	-\$5,372,900	-44.50
DATCP	<u>5,153,100</u>	<u>4,963,500</u>	<u>38.00</u>
Subtotal SEG	-\$215,200	-\$409,400	-6.50
Total:			
DSPTS	-\$5,693,700	-\$5,698,300	-46.50
DATCP	<u>5,482,200</u>	<u>5,292,600</u>	<u>40.00</u>
Net Change	-\$211,500	-\$405,700	-6.50

Transfer any unexpended federal funds received by DSPTS from the federal government for the state's administrative costs relating to regulation of Chapter 168 of the statutes (petroleum inspection and tank regulation) from the DSPTS federal administrative appropriation to the DATCP federal administrative appropriation on the effective date of the bill.

Transfer from DSPTS to DATCP a GPR annual appropriation, with no base funding, for conducting an inventory of aboveground petroleum product storage tanks and unused underground petroleum product storage tanks.

Transfer from the DSPTS PR appropriation for auxiliary services to a new DATCP PR appropriation for testing of petroleum products, any unexpended and unencumbered fees credited to the DSPTS appropriation related to fees for petroleum product testing services on the effective date of the bill. The DSPTS PR appropriation would be renamed "Publications and seminars" and would continue to receive revenues from fees currently collected for the delivery of publications and seminars. The bill would transfer from DSPTS to DATCP, the authority for the Department

to perform, or contract for the performance of, testing of petroleum products other than testing provided under Chapter 168 of the statutes. The bill would transfer from DSPS to DATCP the authority for the Department to use the fee revenues to pay for testing costs, including laboratory supplies and equipment amortization, for such products.

Petroleum Tank Responsibilities Retained in DSPS. Retain the requirement that DSPS specify fees, by administrative rule, for plan reviews relating to the storage, handling, or use of flammable or combustible liquids or federally regulated hazardous substances. Retain the requirement that DSPS continue to deposit the plan review fees in the segregated petroleum inspection fund for plan reviews relating to the storage, handling, or use of flammable or combustible liquids or federally regulated substances as defined in statutory section 168.21(3) (see "(k)" in the above section related to responsibilities). In 2011-12, DSPS deposited bulk tank plan review fees totaling \$99,000 in the petroleum inspection fund. Further, transfer to DATCP the requirement to specify fees, by administrative rule, for inspection of tanks for the storage, handling, or use of flammable or combustible liquids and for any certification or registration required for persons who work in certain tank specialties (such as persons who install, remove, clean, reline, or test the tightness of tank lines), and require DATCP to deposit the fees in the petroleum inspection fund. In 2011-12, DSPS deposited tank inspection fees totaling \$76,200 in the petroleum inspection fund.

Amend the current DSPS segregated appropriation for petroleum inspection and tank activities to only be used for the purposes of plan reviews relating to flammable or combustible liquids or federally regulated hazardous substances, and retain \$100,000 SEG annually for supplies to pay for plan review. (No positions would be retained in the appropriation.) DSPS would retain responsibility for administering section SPS 310.100 of the administrative code, which currently requires plan review and written approval from DSPS or its authorized agent before performing the following activities: (a) commencing construction of new or additional tank or piping installation; (b) changing operation from storage of a non-regulated substance to a regulated substance; (c) adding or modifying tank or pipe corrosion protection; (d) adding or modifying leak detection when performed in conjunction with other changes that require plan review; (e) upgrading or modifying spill or overfill protection; (f) lining or relining underground tanks; (g) converting a full-service motor fuel dispensing facility or a self-service motor fuel dispensing facility to the use of a point-of-sale dispensing system or device; (h) converting from the storage and dispensing of flammable or combustible liquids containing 10% or less ethanol by volume to liquids containing more than 10% ethanol by volume; (i) converting from the storage and dispensing of flammable or combustible liquids containing 5% or less of biodiesel fuel by volume to liquids containing more than 5% biodiesel fuel by volume; (j) using a tank system to store a substance that poses a significant fire hazard or safety hazard to people or the environment; and (k) adding or modifying any device or system component making an underground connection to a tank, product pipe or vent pipe.

Transfer of Program Assets, Employees, and Matters. Provide that the assets, liabilities, tangible personal property, and records of DSPS related to the storage, use, and handling of flammable or combustible liquids or federally regulated hazardous substances under s. 101.09 of the statutes, or to the storage and inspection of petroleum products under s. 101.142 and Chapter

168 of the statutes, as determined by the Secretary of DOA, would become the assets, liabilities, property, and records of DATCP. Provide that the assets, liabilities, tangible personal property, and records of DSPS related to the reviewing of plans subject to SPS 310.100 of the state administrative code would remain the assets, liabilities, tangible personal property, and records of DSPS.

Specify that any matter pending with DSPS on the effective date of the bill related to the storage, use, and handling of flammable or combustible liquids or federally regulated hazardous substances, or to the storage and inspection of petroleum products, as determined by the Secretary of DOA, would be transferred to DATCP, and all materials submitted to or actions taken by DSPS related to the pending matter would be considered as having been submitted to or taken by DATCP. Specify that any pending matters related to the reviewing of plans subject to SPS 310.100 would remain with DSPS.

Specify that all contracts that were entered into by DSPS before the effective date of the bill that are related to the storage, use, and handling of flammable or combustible liquids or federally regulated hazardous substances, or to the storage and inspection of petroleum products, as determined by the Secretary of DOA, remain in effect on the effective date of the bill and are transferred to DATCP. Require DATCP to carry out any obligations under the contract until the contract is modified or rescinded by DATCP to the extent allowed under the contract. Provide that all contracts that were entered into by DSPS related to the reviewing of plans subject to SPS 310.100 would remain with DSPS.

Require that all rules promulgated by, and orders issued by DSPS that are in effect on the effective date of the bill, and that relate to the storage, use, and handling of flammable or combustible liquids or federally regulated hazardous substances, or to the storage and inspection of petroleum products, as determined by the Secretary of DOA, remain in effect until their specified expiration dates or until amended or repealed by DATCP. Provide that rules promulgated by, and orders issued by DSPS that relate to reviewing of plans subject to SPS 310.100 remain with DSPS.

Provide that all positions and all incumbent employees holding those positions in DSPS that relate to storage, use, and handling of flammable or combustible liquids or federally regulated hazardous substances, or that relate to the storage and inspection of petroleum products, as determined by the Secretary of DOA, are transferred to DATCP on the effective date of the bill. Employees transferred under the provision would have the same rights and status related to state employment relations under Chapters 111 and 230 of the statutes. Transferred employees who have attained permanent status would not be required to serve a probationary period.

Joint Finance: Approve the Governor's recommendation, as modified to: (a) transfer all tank plan review functions from DSPS to DATCP; (b) delete \$100,000 SEG annually in DSPS and repeal the DSPS SEG tank operations appropriation; and (c) require that two of the positions provided to DATCP would be responsible for the tank plan review and petition for variance functions transferred from DSPS to DATCP. (See "DATCP" for: (a) the deletion of 4.0 additional SEG positions and \$268,400 SEG annually; and (b) the provision of \$100,000 SEG

annually in the DATCP SEG petroleum inspection and tanks operations appropriation for tank plan review.)

Assembly/Legislature: Renumber additional DSPTS statutes to DATCP to correctly reflect the Joint Finance transfer of petroleum tank plan review functions.

Veto by Governor [D-15]: Delete the requirement that two of the positions provided to DATCP would be specifically responsible for the tank plan review and petition for variance functions transferred from DSPTS to DATCP.

[Act 20 Sections: 201, 206 thru 209, 211, 213m, 520p, 529, 786, 1462, 1463, 1589 thru 1591, 1594, 1595 thru 1599, 1600 thru 1627, 1629 thru 1633, 1652 thru 1657, 1709, 1949 thru 1970, 9138(3)&(4), and 9238(1)&(2)]

[Act 20 Vetoed Section: 9138(3)]

3. SAFETY AND BUILDINGS STAFF [LFB Paper 579]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$384,400	2.00	-\$1,731,000	- 11.00	-\$1,346,600	- 9.00

Governor: Provide \$192,200 PR and 2.0 PR positions to the Safety and Buildings operations appropriation. The Safety and Buildings program administers building code, plan review, and inspection activities related to construction such as commercial buildings, multi-family dwellings, one- and two-family dwellings, plumbing, private sewage systems, electrical and heating systems, elevators, electrical wiring, and amusement rides. The Safety and Buildings program also issues credentials for persons who perform these activities. The source of the PR funding is program revenues from plan review, permit, inspection, and credentialing activities for several building code related activities.

Joint Finance/Legislature: Delete the Governor's recommendation. Further, delete an additional \$673,300 PR annually and 9.0 PR vacant positions in the Safety and Buildings operations appropriation to more closely align anticipated revenues with authorized expenditures.

4. ELIMINATE CONTRACTOR REGISTRATION PROGRAM

PR-REV	-\$485,000
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Joint Finance/Legislature: Eliminate the contractor registration program under s. 101.147 of the statutes. In addition, prohibit the Department of Safety and Professional Services (DSPTS) from promulgating or enforcing any rule that requires a person who is engaged, or who offers to engage in a construction business, to hold a registration issued by DSPTS, unless the rule relates to a registration specifically authorized by Chapters 101 and 145 of the statutes. This

would result in a reduction of program revenues from the \$115 four-year contractor registration (\$100) and application (\$15) fees collected by DSPS of approximately \$200,000 in 2013-14 and \$285,000 in 2014-15. The fees are deposited in a program revenue appropriation for administration of building code, plan review, and inspection activities related to construction such as commercial buildings, multi-family dwellings, one- and two-family dwellings, plumbing, private sewage systems, electrical and heating systems, boilers, elevators, electrical wiring, fire safety codes, and amusement rides.

[Act 20 Sections: 1597 thru 1599 and 1708e thru 1709]

5. TRANSFER DIESEL TRUCK IDLING REDUCTION GRANT PROGRAM TO DOA

	Funding	Positions
SEG	- \$2,161,900	- 1.00

Governor/Legislature: Delete \$1,080,900 SEG in 2013-14 and \$1,081,000 SEG in 2014-15 and 1.0 SEG position annually from the petroleum inspection fund to reflect the transfer of the diesel truck idling reduction grant program to the Department of Administration, State Energy Office. Transferred funding includes \$1,000,000 annually for grants. Further, \$80,900 in 2013-14 and \$81,000 in 2014-15 would be deleted in DSPS, with the associated staff position being transferred to DOA. (See the entry under "Administration -- Transfers" for the provision of funding and a position to DOA.)

Responsibilities. The grant program provides financial assistance to eligible freight motor carriers to purchase and install idling reduction technology. Idling reduction units provide heat, air conditioning, or electricity to the truck tractor while the truck is stationary, in order to reduce idling of the truck engine when the truck is parked. The main goals of the program are to help Wisconsin motor carriers reduce air pollution emissions and fuel consumption.

The program was created in 2005 Wisconsin Act 25, and is authorized to provide grants between July 1, 2006, and June 30, 2015. The program was administered by the Department of Commerce prior to 2011-12, and was transferred to DSPS when the Department of Commerce was repealed under 2011 Wisconsin Act 32. Eligible applicants under the program are common motor carriers, contract motor carriers, and private motor carriers that transport freight, are headquartered in Wisconsin, and own and operate the truck. Grants are used to pay up to 50% of the costs the applicant has incurred or will incur to purchase and install an idling reduction unit on a truck tractor that is owned and operated by the applicant, and that has a post-1998 diesel truck engine. Use of the idling reduction unit must result, in the aggregate, in a decrease in the emissions of one or more air contaminants from the truck tractor on which the idling unit is installed, or in a decrease in the use of energy by that truck tractor.

Transfer of Program Assets, Employees, and Matters. Provide that the assets, liabilities, tangible personal property, and records of DSPS related to the diesel truck idling reduction grant program as determined by the Secretary of DOA, would become the assets, liabilities, property, and records of DOA.

Specify that any matter pending with DSPS on the effective date of the bill related to the diesel truck idling reduction grant program, as determined by the Secretary of DOA, would be

transferred to DOA, and all materials submitted to or actions taken by DSPS related to the pending matter would be considered as having been submitted to or taken by DOA.

Specify that all contracts that were entered into by DSPS before the effective date of the bill that are related to the diesel truck idling reduction grant program, as determined by the Secretary of DOA, remain in effect on the effective date of the bill and are transferred to DOA. Require DOA to carry out any obligations under the contract until the contract is modified or rescinded by DOA to the extent allowed under the contract.

Require that all rules promulgated by, and orders issued by, DSPS that are in effect on the effective date of the bill, and that relate to the diesel truck idling reduction grant program, as determined by the Secretary of DOA, remain in effect until their specified expiration dates or until amended or repealed by DOA.

Provide that all positions and all incumbent employees holding those positions in DSPS that relate to the diesel truck idling reduction grant program, as determined by the Secretary of DOA, are transferred to DOA on the effective date of the bill. Employees transferred under the provision would have the same rights and status related to state employment relations under Chapters 111 and 230 of the statutes. Transferred employees who have attained permanent status would not be required to serve a probationary period.

[Act 20 Sections: 215, 216, 1710, and 9138(6)]

6. PETROLEUM INSPECTION FUND TRANSFER TO THE TRANSPORTATION FUND

SEG-Transfer	- \$32,000,000
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Governor/Legislature: Transfer \$16,000,000 each year during the 2013-15 biennium only from the petroleum inspection fund to the transportation fund. This transfer is in addition to a current law, annual appropriation of \$6,258,500 from the petroleum inspection fund to the transportation fund.

[Act 20 Section: 9238(3)]

7. FIRE INCIDENT REPORTING SYSTEM [LFB Paper 580]

PR	\$360,000
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Governor: Provide \$180,000 annually to the fire prevention and fire dues administrative appropriation to contract for statewide services related to the National Fire Incident Reporting System. The private vendor would provide software, technical assistance, and training to local fire departments to help them meet their statutory requirement to report every fire involving a building to the U.S. Fire Administration for inclusion in the National Fire Incident Reporting System (NFIRS). The U.S. Fire Administration is an entity of the U.S. Department of Homeland Security's Federal Emergency Management Agency.

The source of the program revenue would be from existing revenues collected from insurers doing a fire insurance business in the state, which are 2% of the fire insurance premiums received by insurers. The revenues are currently used to administer DSPS fire prevention and fire

protection programs, Wisconsin Technical College System (WTCS) fire fighter training programs and administration of fire fighter training programs, and the DSPS-administered fire dues program. The fire dues program distributes the portion of fire dues revenues not spent on the DSPS administrative appropriation and the WTCS programs to municipalities maintaining a local fire department that complies with state law.

Joint Finance/Legislature: Approve the Governor's recommendation, as modified to provide \$95,000 in each year of the \$180,000 annual funding on a one-time basis during the 2013-15 biennium. In addition, require that, in order to be eligible for fire dues payments from the state, a local fire department must be in substantial compliance with the s. 101.141 requirements to keep records of fires and submit the reports of fires to the U.S. Fire Administration for inclusion in the National Fire Incident Reporting System, in addition to being in substantial compliance with other current eligibility requirements. Finally, require that local fire departments must self-certify compliance with the fire incident reporting requirements, in addition to self-certifying compliance with current eligibility requirements.

[Act 20 Sections: 1710m and 1710r]

8. FIRE DUES REESTIMATE [LFB Paper 580]

PR	\$1,610,000
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Joint Finance/Legislature: Provide \$670,000 PR in 2013-14 and \$940,000 PR in 2014-15 to reestimate the fire dues distribution to local fire departments from \$15,400,000 to \$16,070,000 in 2013-14 and \$16,340,000 in 2014-15.

9. TRANSFER COMMERCIAL CONSTRUCTION SITE EROSION CONTROL TO DNR [LFB Paper 581]

Governor/Legislature: Transfer from DSPS to DNR the authority to administer erosion control standards for construction sites with a land disturbance area of one or more acre, regardless of whether the construction activity includes the construction of a building. Retain within DSPS the authority to administer erosion control laws for construction sites with a land disturbance area of less than one acre and that involve the construction of a public building or place of employment, or a one- or two-family dwelling.

Specify that any matter pending in DSPS on the effective date of the bill related to erosion control responsibilities under s. 101.1206 (commercial construction sites) or s. 101.653 (one- and two-family dwelling sites) of the statutes, would remain the responsibility of DSPS.

Commercial construction site erosion control was transferred from DNR to the Division of Safety and Buildings within the then-Department of Industry, Labor and Human Relations (DILHR) in 1993 Act 16. The program and Division became part of the Department of Commerce in 1995 Act 27. The commercial construction site erosion control program was transferred from Commerce to DNR in 2009 Act 28. The program was transferred from DNR to DSPS at the same time the Division of Safety and Buildings was transferred from Commerce to DSPS in 2011 Act 32. Act 32 required DNR and DSPS to enter into a memorandum of understanding to delineate each agency's responsibilities in regulating erosion control at

commercial construction sites. The two agencies have not entered into a MOU and DNR continues to regulate commercial construction site erosion control during the 2011-13 biennium.

[Act 20 Sections: 574, 575, 1245 thru 1247, 1252 thru 1257, 1259 thru 1261, 1628, 1711, 1712, 2088 thru 2090, 2091, 2092, 2097 thru 2102, and 9138(2)]

10. REGULATION OF DUMBWAITERS AND ELEVATORS IN RESIDENCES

Joint Finance/Legislature: Approve the following changes related to dumbwaiters and elevators in individual residential dwelling units: (a) exempt these dumbwaiters or elevators from the requirements to obtain an operating permit and be subject to an annual inspection; and (b) prohibit the owner of a residence from selling or otherwise transferring the unit unless the owner provides the purchaser or transferee, prior to the sale or transfer of the property, an inspection report from a licensed elevator inspector that indicates that the dumbwaiter or elevator complies with Subchapter VII of Chapter 101 of the statutes (regulation of elevators, escalators, and other conveyances), and any applicable rules under the Subchapter. The requirement for inspection reports would apply to offers of purchase or title transfers of residences served by a dumbwaiter or elevator that occur on or after the effective date of the bill.

[Act 20 Sections: 1712g thru 1712r, and 9338(1L)]

11. REPEAL INDIRECT COST REIMBURSEMENT APPROPRIATION

Governor/Legislature: Repeal an appropriation for moneys received from the federal government related to the regulation of industry, buildings, and safety, as reimbursement for the indirect costs of administering federal grants and contracts. The bill would retain a federal appropriation that could be used for federal indirect costs for any federal grants and contracts received by the Department.

[Act 20 Section: 212]

12. PETROLEUM INSPECTION FEE COLLECTION POINT AT AIRPORT FUELING SYSTEMS

Governor/Legislature: Modify the point of collection of the petroleum inspection fee at airport hydrant systems, by specifying that fuel shipped by a pipeline spur to an airport hydrant system is considered received when the fuel is received from the main pipeline and placed into the initial or primary storage facility or holding terminal by the owner of the storage facility or holding terminal. Under current law, most fuel is considered received at the time it is received by a supplier or at the time and place of unloading by the person for whose account that shipment or delivery is made. Specify that the change in the collection point of the fee would be effective on the first day of the third month beginning after publication of the bill.

This provision would modify when sales to airport fueling systems are considered received for the purposes of assessing the 2¢ per gallon petroleum inspection fee. Under this provision, the fee would be assessed when the fuel is received into an airport's primary storage facility

instead of when that fuel is disbursed from that storage facility and received by the airlines using the facility. This modification would have no impact on fee revenues, but would enhance the administration of the fee by the Department of Revenue (DOR) associated with collecting the petroleum inspection fee on fuel disbursed from the airport hydrant system at General Mitchell International Airport in Milwaukee. DOR currently collects the fee when fuel is disbursed from the Airport's hydrant system into planes or delivery trucks. As a result, the airlines are considered position holders of the fuel in the hydrant systems and are assessed the fee based on the amount of fuel they receive from the hydrant system. From an administrative standpoint, this system requires DOR to track who receives fuel from the hydrant system in order to impose the fee, which is subject to constant change depending on which airlines are using the fuel. The proposed change would allow DOR to impose the fee at the point the fuel is delivered to the hydrant system, which would impose the fee on only one payer.

This proposed change to the point of collection of the petroleum inspection fee at airports would modify the motor vehicle fuel tax statutes even though aviation fuel is not subject to the motor vehicle fuel tax. This occurs because the statutes outlining how the petroleum inspection fee is imposed reference the motor vehicle fuel tax collection process for purposes of collecting the fee.

[Act 20 Sections: 1506 thru 1508, and 9437(7)]

13. FIRE-SAFE CIGARETTES PROGRAM

Governor/Legislature: Modify the definition of a "manufacturer" subject to regulation under the fire-safe cigarettes program to include any person who owns an automated roll-your-own machine that is used to make cigarettes, but not to include an individual who owns a roll-your-own machine and uses the machine in his or her home solely to make cigarettes for his or her personal or use for the use of other individuals who live in his or her home. The provision would take effect on the first day of the third month beginning after publication of the bill. (See the entry under "General Fund Taxes -- Sales and Excise Taxes" for information on the related provision for cigarette taxes.)

DSPS administers a fire-safe cigarettes program, under which each manufacturer that sells cigarettes in Wisconsin must: (a) file a written certification with the Department every three years, certifying that the cigarettes it sells comply with specified fire safety performance standards; (b) pay a fee of \$1,000 for the three-year period for each brand family of cigarette listed in the certification; and (c) conduct testing of the fire safety of the cigarettes in accordance with specified standards. The fees are deposited in a Safety and Buildings program revenue appropriation for administration of building code, plan review and inspection activities. It is uncertain how many roll-your-own machine owners would meet the fire-safe standards and would be required to pay the certification fee. The administration has made no estimate of the additional fee revenue that would be generated from the provision. The Department of Revenue estimated there were over 100 roll-your-own machines in place at 60-75 retailers across the state.

[Act 20 Sections: 1948 and 9437(8)]

SECRETARY OF STATE

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled Amount	Percent
PR	\$1,027,200	\$1,015,600	\$1,015,600	\$1,015,600	\$1,015,600	- \$11,600	- 1.1%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
PR	4.00	4.00	4.00	4.00	4.00	0.00

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

PR	- \$11,600
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Governor/Legislature: Provide adjustments of -\$6,600 in 2013-14 and -\$5,000 in 2014-15 for: (a) full funding of continuing salaries and fringe benefits (-\$9,300 annually); (b) full funding of lease and directed moves costs (\$2,700 in 2013-14 and \$4,300 in 2014-15); and (c) minor transfers within the same appropriation.

SHARED REVENUE AND TAX RELIEF

Budget Summary by Funding Source							
	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 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%
County and Municipal Aid	1,387,895,800	1,389,901,400	1,389,901,400	1,389,901,400	1,389,901,400	2,005,600	0.1
Public Utility Distribution	132,946,400	136,137,000	139,700,000	139,700,000	139,700,000	6,753,600	5.1
State Aid; Tax Exempt Property	160,800,000	163,818,000	165,600,000	165,600,000	165,600,000	4,800,000	3.0
Interest Payments on Overassessments of Manufacturing Property	20,000	20,000	20,000	20,000	20,000	0	0.0
Payments for Municipal Services	37,168,400	37,168,400	37,168,400	37,168,400	37,168,400	0	0.0
Property Tax Credits							
Homestead Tax Credit	264,400,000	262,800,000	262,800,000	262,800,000	262,800,000	- 1,600,000	- 0.6
Farmland Preservation Credit	1,200,000	2,025,000	2,025,000	2,025,000	2,025,000	825,000	68.8
Farmland Preservation Credit; 2010 and Beyond	54,014,400	50,608,600	19,900,000	19,900,000	40,800,000	- 13,214,400	- 24.5
School Levy Tax Credit and First Dollar Credit	1,765,100,000	1,794,800,000	1,793,219,100	1,793,219,100	1,793,219,100	28,119,100	1.6
Other Credits							
Claim of Right Credit	556,000	340,000	340,000	340,000	340,000	- 216,000	- 38.8
Jobs Tax Credit	18,000,000	34,000,000	30,000,000	30,000,000	30,000,000	12,000,000	66.7
Woody Biomass Harvesting and Processing Credit	1,800,000	600,000	600,000	600,000	600,000	- 1,200,000	- 66.7
Meat Processing Facility Investment Credit	1,400,000	1,400,000	700,000	700,000	700,000	- 700,000	- 50.0
Food Processing Plant and Food Warehouse Investment Credit	1,400,000	1,400,000	700,000	700,000	700,000	- 700,000	- 50.0
Film Production Company Investment Credit	200,000	200,000	100,000	100,000	100,000	- 100,000	- 50.0
Film Production Services Credit	800,000	800,000	400,000	400,000	400,000	- 400,000	- 50.0
Dairy Manufacturing Facility Investment Credit	1,314,200	1,225,000	700,000	700,000	700,000	- 614,200	- 46.7
Dairy Manufacturing Facility Investment Credit; Dairy Cooperatives	1,400,000	1,400,000	200,000	200,000	200,000	- 1,200,000	- 85.7
Enterprise Zone Jobs Credit	86,600,000	95,600,000	91,200,000	91,200,000	91,200,000	4,600,000	5.3
Veterans and Surviving Spouses Property Tax Credit	40,000,000	58,880,000	38,100,000	56,900,000	56,900,000	16,900,000	42.3
Beginning Farmer and Farm Asset Owner Tax Credit	600,000	100,000	50,000	50,000	50,000	- 550,000	- 91.7
Cigarette and Tobacco Products Tax Refunds	76,600,000	69,500,000	69,500,000	69,500,000	69,500,000	- 7,100,000	- 9.3
Earned Income Tax Credit	<u>145,271,600</u>	<u>74,873,600</u>	<u>93,600,000</u>	<u>93,600,000</u>	<u>93,600,000</u>	<u>- 51,671,600</u>	<u>- 35.6</u>
GPR TOTAL	\$4,295,778,200	\$4,293,888,400	\$4,252,815,300	\$4,271,615,300	\$4,292,515,300	- \$3,262,900	- 0.1%
Other Credits							
Earned Income Tax Credit; Temporary Assistance for Needy Families	<u>\$87,328,400</u>	<u>\$141,328,400</u>	<u>\$125,000,000</u>	<u>\$125,000,000</u>	<u>\$125,000,000</u>	<u>\$37,671,600</u>	<u>43.1%</u>
PR TOTAL	\$87,328,400	\$141,328,400	\$125,000,000	\$125,000,000	\$125,000,000	\$37,671,600	43.1%
Direct Aid Payments							
County and Municipal Aid; Police and Fire Protection Fund	\$111,855,800	\$106,250,000	\$106,250,000	\$106,250,000	\$106,250,000	- \$5,605,800	- 5.0%
Property Tax Credits							
Lottery and Gaming Credit	237,740,800	292,749,800	301,503,200	301,503,200	301,503,200	63,762,400	26.8
School Levy Tax Credit; Lottery Fund	29,700,000	0	0	0	0	- 29,700,000	- 100.0
Lottery and Gaming Credit; Late Applications	<u>294,000</u>	<u>396,600</u>	<u>396,600</u>	<u>396,600</u>	<u>396,600</u>	<u>102,600</u>	<u>34.9</u>
SEG TOTAL	\$379,590,600	\$399,396,400	\$408,149,800	\$408,149,800	\$408,149,800	\$28,559,200	7.5%
TOTAL	\$4,762,697,200	\$4,834,613,200	\$4,785,965,100	\$4,804,765,100	\$4,825,665,100	\$62,967,900	1.3%

Direct Aid Payments

Budget Change Items

1. COUNTY AND MUNICIPAL AID PROGRAM -- POLICE AND FIRE PROTECTION REVENUE REESTIMATE

SEG	-\$5,605,800
GPR	<u>2,005,600</u>
Total	-\$3,600,200

Governor/Legislature: Decrease funding by \$2,677,900 SEG in 2013-14 and \$2,927,900 SEG in 2014-15 and increase funding by \$877,800 GPR in 2013-14 and \$1,127,800 GPR in 2014-15 in the appropriations for the county and municipal aid program. The SEG adjustment reflects the net effect of estimated reductions in revenue collected in the police and fire protection fund, which is the source for a portion of county and municipal aid program payments (-\$877,900 in 2013-14 and -\$1,127,900 in 2014-15) and a technical correction to the adjusted base for this appropriation (-\$1,800,000 annually). The adjusted base had not been properly updated to reflect an earlier reestimate of police and fire protection fund revenue. With these changes, payments from the police and fire protection fund would be estimated at \$53,250,000 SEG in 2013-14 and \$53,000,000 SEG in 2014-15. The GPR increases reflect an adjustment to the sum sufficient appropriation to offset the police and fire protection fund revenue reestimate. [The adjusted base for the GPR appropriation correctly reflects the earlier revenue reestimate, so no corresponding correcting adjustment is required.] With these adjustments, total GPR payments for the county and municipal aid program payments would be \$694,825,700 in 2013-14 and \$695,075,700 in 2014-15. The total aid distribution from all sources (including \$5,000,000 annually from the medical assistance program) would remain unchanged at \$753,075,715 annually (an amount that is rounded down to \$753,075,700 in the appropriation schedule).

2. PUBLIC UTILITY AID -- SUM SUFFICIENT REESTIMATE [LFB Paper 590]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,190,600	\$3,563,000	\$6,753,600

Governor: Increase estimated payments by \$588,800 in 2013-14 and \$2,601,800 in 2014-15 from the sum sufficient, public utility distribution account appropriation to reflect estimates of payment amounts. With these adjustments, base level funding of \$66,473,200 would increase to \$67,062,000 in 2013-14 and \$69,075,000 in 2014-15.

Joint Finance/Legislature: Increase estimated payments by \$2,038,000 in 2013-14 and \$1,525,000 in 2014-15. Total aid payments are estimated at \$69,100,000 in 2013-14 and \$70,600,000 in 2014-15.

3. PUBLIC UTILITY AID -- PRODUCTION PLANT RETIREMENTS [LFB Paper 591]

Joint Finance/Legislature: Require the Department of Revenue and the Public Service Commission to conduct a study regarding how to pay aid when production plants or generating units within production plants are decommissioned or retired. Require the Department and Commission to submit a report outlining the results of the study and recommendations for any statutory modifications to the Joint Committee on Finance by December 31, 2013.

[Act 20 Section: 9137(1i)]

4. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- SUM SUFFICIENT REESTIMATE [LFB Paper 592]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,018,000	\$1,782,000	\$4,800,000

Governor: Increase estimated payments by \$1,254,000 in 2013-14 and \$1,764,000 in 2014-15 to reflect projected changes in tax rates and the value of exempt computers, cash registers, and fax machines. With these adjustments, base level funding of \$80,400,000 would increase to \$81,654,000 in 2013-14 and \$82,164,000 in 2014-15.

Joint Finance/Legislature: Increase estimated payments by \$146,000 in 2013-14 and \$1,636,000 in 2014-15. Total aid payments are estimated at \$81,800,000 in 2013-14 and \$83,800,000 in 2014-15.

5. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- REPORT DUE DATE

Governor/Legislature: Modify the current law provision that requires municipalities to report the value of tax exempt computers, cash registers, and fax machines to the Department of Revenue by changing the date by which the report must be submitted from May 1 to the second Monday in June. Delete obsolete language regarding the payment date for payments made prior to 2007. Specify that these provisions first apply to reports due in 2014.

[Act 20 Sections: 1512, 1513, and 9337(2)]

6. EXPENDITURE RESTRAINT PROGRAM BUDGET TEST -- CONTRACTED SERVICES [LFB Paper 593]

Governor: Modify the current law provision authorizing the adjustment for transferred services under the budget test to specify that a municipality transferring a contracted service shall include in its budget any payment to the other governmental unit and that any municipality

receiving a payment for a contracted service shall not include the amount of the payment in its budget. Specify that this provision first applies to payments made in 2014. To qualify for an aid payment under the expenditure restraint program, a municipality must satisfy two tests. First, its municipal purpose tax levy must be greater than five mills. Second, it must limit the year-to-year growth in its general fund budget. In calculating the change in budgets, adjustments to budgeted expenditures are made to reflect certain specified events, such as for services transferred from one government to another.

Joint Finance/Legislature: Delete the proposed modification to the current law adjustment for transferred services and, instead, create a new adjustment for contracted services, first applying to payments in 2014. Under this adjustment, specify that if a municipality receives payments from another governmental unit for providing a service to that governmental unit under contract, the payments would not be included in the municipality's general fund budget for purposes of the program's budget test.

[Act 20 Sections: 1511d and 9337(13)]

7. DELETE JOINT FINANCE COMMITTEE REVIEW OF THE PAYMENTS FOR MUNICIPAL SERVICES PROGRAM [LFB Paper 594]

Governor: Delete the Joint Finance Committee's (JFC) review and approval of any changes proposed by the Department of Administration (DOA) to the guidelines used in the calculation of state payments to municipalities under the payments for municipal services program and of the Department's annual report of proposed payments to municipalities. Under current law, prior to calculating the annual payments to eligible municipalities, DOA must submit any proposed program guidelines changes to be used in those calculations to JFC and the Committee must approve those proposed changes before DOA can use the modified guidelines in determining future payments. In addition, no later than November 15, DOA must submit a report of the proposed payments that are to be made to municipalities to JFC for approval under a 14-day passive review process. DOA would continue to be required to submit a copy of the payment report to the Committee each year, but the Committee would have no role in approving the proposed payments.

Under the payments for municipal services 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. In 2012-13, \$18,584,200 in payments was distributed to eligible municipalities. The bill would not affect the annual funding level for the program.

Joint Finance/Legislature: Retain the Joint Finance Committee's role in reviewing and approving any proposed changes to the guidelines used in calculating payments for municipal services. The Committee would not have a role in approving the November 15 payment report.

[Act 20 Sections: 1286 and 1287]

Property Tax Credits

1. SCHOOL LEVY TAX CREDIT FUNDING SOURCE [LFB
Paper 600]

GPR	\$29,700,000
SEG	<u>-29,700,000</u>
Total	\$0

Governor: Provide \$14,850,000 GPR annually for the school levy tax credit to replace \$14,850,000 in annual SEG funding from the lottery and gaming fund for the credit. Under current law, total funding for the school levy tax credit is \$747,400,000, including \$732,550,000 GPR and \$14,850,000 SEG from the lottery fund. Under this recommendation, the school levy tax credit would continue to be funded at \$747,400,000 (a technical correction to the bill would need to be made to specify this amount in the statutes), but would be entirely funded with GPR. The SEG funding would be used to increase the lottery and gaming credit. Amend the GPR appropriation to delete the reference to the SEG lottery fund appropriation. Delete the SEG lottery fund appropriation for the credit and the provision requiring DOR to promulgate rules to ensure that credits paid from this appropriation go only to state residents. Specify that these changes would first apply to school levy tax credits paid in 2013.

Joint Finance/Legislature: Include a technical correction to adjust the annual distribution amount specified in statute to \$747,400,000.

[Act 20 Sections: 464, 465, 1458, 1514, 1514g, and 9337(14)]

2. LOTTERY AND GAMING CREDIT FUNDING LEVEL

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$55,009,000	\$8,753,400	\$63,762,400

Governor: Provide increases of \$30,979,300 in 2013-14 and \$24,029,700 in 2014-15 to the sum sufficient appropriation to reflect estimates of lottery proceeds available for distribution. The estimated amounts available for the lottery and gaming credit distribution reflect the following: (a) an increased amount of lottery and gaming proceeds available for the current law credit (\$16,406,000 in 2013-14 and \$9,534,600 in 2014-15); (b) the proposed deletion of the lottery and gaming funding for the school levy credit, which would make this funding available for the lottery and gaming credit (\$14,850,000 annually); and (c) the proposed increase in funding for lottery administration (see "Revenue -- Lottery Administration" for more information), which reduces funding available for the lottery and gaming credit (-\$276,700 in 2013-14 and -\$354,900 in 2014-15). With these adjustments, estimated total funding for the credit would increase from an adjusted base level of \$118,870,400 to \$149,849,700 in 2013-14 and to \$142,900,100 in 2014-15.

Joint Finance/Legislature: Increase funding by \$8,639,400 in 2013-14 and \$114,000 in 2014-15 to reflect the following: (a) an \$8,546,900 higher 2013-14 opening balance in the lottery fund; and (b) a reduction in the proposed funding for lottery administration of \$92,500 in 2013-14 and \$114,000 in 2014-15, which increases funding available for the lottery and gaming credit. With this change, total funding for the credit would be \$158,489,100 in 2013-14 and \$143,014,100 in 2014-15.

3. LOTTERY AND GAMING CREDIT; LATE APPLICATIONS

SEG	\$102,600
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Governor/Legislature: Provide \$51,300 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 would increase from an adjusted base level of \$147,000 to \$198,300 annually.

4. HOMESTEAD TAX CREDIT -- FUNDING LEVEL

GPR	- \$1,600,000
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Governor/Legislature: Decrease funding for the sum sufficient appropriation by \$500,000 in 2013-14 and \$1,100,000 in 2014-15 to reflect the following: (a) an increase of \$500,000 in 2013-14 and a decrease of \$100,000 in 2014-15 to reflect anticipated costs of the credit in the biennium under current law; and (b) a reduction of \$1,000,000 annually due to a projected increase in the denial of fraudulent homestead tax credit claims associated with additional funding and positions provided under a proposal to expand DOR's tax fraud enforcement (see "Revenue -- Tax Administration"). Changes in the current law cost of the credit are generally due to changes in the property taxes, rent, and household income levels of the credit claimants. With these adjustments, the estimated total funding would decrease from an adjusted base level of \$132,200,000 to \$131,700,000 in 2013-14 and \$131,100,000 in 2014-15.

5. HOMESTEAD TAX CREDIT -- FRAUDULENT AND RECKLESS CLAIMS [LFB Paper 559]

Governor: Prohibit an individual who files a fraudulent claim for a homestead tax credit from filing a homestead credit claim for ten successive taxable years. Prohibit an individual who files a reckless homestead tax credit claim from filing a homestead credit claim for two successive taxable years. Specify that the prohibition from filing a homestead credit claim begins with the taxable year that begins immediately after the year for which DOR determines that an individual has filed the fraudulent or reckless claim. After the period for which a person has been prohibited from filing a homestead tax credit claim expires, allow an individual to again file a homestead tax credit claim subject to any requirements that DOR may impose on the individual to demonstrate their eligibility for the credit. Specify that these provisions first apply to a fraudulent or reckless claim filed with DOR on the general effective date of the bill.

Define a fraudulent claim as a claim filed by an individual that is false or excessive and filed with fraudulent intent, as determined by DOR. Define a reckless claim as a claim filed by

an individual that is improper, due to reckless or intentional disregard of the statutory provisions related to the credit or DOR rules and regulations, as determined by DOR.

The bill includes identical provisions related to fraudulent and reckless claims for the earned income tax credit (see "General Fund Taxes -- Income and Franchise Taxes"). The administration indicates the intent of this provision is that a fraudulent or reckless claim filed for either credit would preclude an individual from filing a claim for both credits for the specified number of years.

Joint Finance/Legislature: Expand provision to include all refundable income and franchise tax credits.

[Act 20 Sections: 1444 and 9337(6)]

6. FARMLAND PRESERVATION PER-ACRE TAX CREDIT FUNDING [LFB Paper 601]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg.)	Net Change
GPR	- \$3,405,800	- \$30,708,600	\$20,900,000	- \$13,214,400

Governor: Provide decreases of \$1,702,900 annually for the farmland preservation per-acre tax credit, which would reduce funding for the credit from an adjusted base level of \$27,007,200 annually to \$25,304,300 annually. Reduce the statutory maximum amount of credits available for any fiscal year, beginning in 2013-14, from \$27,007,200 to \$25,304,300 to reflect the reduced funding available for the credit.

Credits are payable on the basis of the acreage a landowner holds under a DATCP-certified farmland preservation zoning ordinance or a farmland preservation agreement entered into with DATCP. Per-acre claims are \$5 for each acre under a farmland preservation agreement, \$7.50 for each acre under a certified farmland preservation zoning ordinance, or \$10 for each acre under both. Landowners must also practice soil and water conservation in accordance with state law. Approximately \$16.1 million in credits were claimed in 2011-12. If credits paid are less than the amount appropriated, the excess lapses to the general fund. If credit claims exceed the maximum for a fiscal year, the excess claims are paid from the appropriation for the succeeding fiscal year.

Joint Finance/Legislature: Reduce funding by \$5,404,300 in 2013-14 and \$4,404,300 in 2014-15 to reflect a reestimate of credits to be claimed in each year of the biennium under current law (\$19,900,000 in 2013-14 and \$20,900,000 in 2014-15). Convert the current, sum certain appropriation to a sum sufficient appropriation and delete the statutory maximum annual distribution and related provisions.

Beginning with tax year 2014, convert the per-acre tax credit program to a per-acre grant program administered by DATCP. Delete \$20,900,000 in 2014-15 to reflect the deletion of the tax credit and provide the same funding amount to a sum sufficient, DATCP appropriation to fund the grant program. Allow farmland preservation agreement holders who have been

receiving the per-acre credit to continue to claim the credit under their agreement. Retain the tax credit appropriation for the purposes of funding any late or amended per-acre tax credit claims. Specify that the current law provisions related to the per-acre tax credit would only apply to these late or amended claims. (See "Agriculture, Trade and Consumer Protection" for information on the grant program and the associated fiscal effect).

Veto by Governor [D-12]: Delete the proposed conversion of the per-acre tax credit program to a per-acre grant program administered by DATCP. Increase the sum sufficient, tax credit appropriation by \$20,900,000 in 2014-15 to reflect this change (see "Agriculture, Trade and Consumer Protection" for further information and the fiscal effect of deleting the grant program).

[Act 20 Sections: 463s, 1435c, 1437c, and 9337(5e)]

[Act 20 Vetoed Sections: 202u, 1434t, and 1437e]

7. PRE-2010 FARMLAND PRESERVATION TAX CREDIT REESTIMATE

GPR	\$825,000
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Governor/Legislature: Provide increases of \$525,000 in 2013-14 and \$300,000 in 2014-15 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. Under 2009 Act 28, the farmland preservation tax credit was limited to only claimants who have an active farmland preservation agreement signed prior to July 1, 2009, and a second, per-acre farmland preservation credit was created. The reestimated credit amounts are based on the number of farmland preservation agreements that will remain active and eligible for the credit and on estimates of those agreement holders whose land is also subject to exclusive agricultural zoning and who would otherwise be eligible for the per-acre farmland preservation tax credit but continue to claim the pre-2010 credit. With these adjustments, estimated total funding would increase from an adjusted base level of \$600,000 to \$1,125,000 in 2013-14 and \$900,000 in 2014-15.

8. FARMLAND PRESERVATION TAX CREDIT -- FRAUDULENT AND RECKLESS CLAIMS

Joint Finance/Legislature: Prohibit an individual who files a fraudulent claim for a farmland preservation tax credit from filing a farmland preservation credit claim for ten successive taxable years. Prohibit an individual who files a reckless farmland preservation tax credit claim from filing a farmland preservation credit claim for two successive taxable years. Specify that the prohibition from filing a farmland preservation credit claim begins with the taxable year that begins immediately after the year for which DOR determines that an individual has filed the fraudulent or reckless claim. After the period for which a person has been prohibited from filing a farmland preservation tax credit claim expires, allow an individual to again file a farmland preservation tax credit claim subject to any requirements that DOR may impose on the individual to demonstrate their eligibility for the credit. Specify that these provisions first apply to a fraudulent or reckless claim filed with DOR on the general effective

date of the bill.

Define a fraudulent claim as a claim filed by an individual that is false or excessive and filed with fraudulent intent, as determined by DOR. Define a reckless claim as a claim filed by an individual that is improper, due to reckless or intentional disregard of the statutory provisions related to the credit or DOR rules and regulations, as determined by DOR.

The bill would establish identical provisions related to fraudulent and reckless claims for all refundable tax credits (see "General Fund Taxes -- Income and Franchise Taxes").

[Act 20 Sections: 1444 and 9337(6)]

9. FIRST DOLLAR CREDIT REESTIMATE [LFB Paper 602]

GPR	- \$1,580,900
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Joint Finance/Legislature: Decrease funding by \$1,580,900 in 2013-14 to reflect the \$148,419,100 actual amount of property tax year 2012(13) credits to be distributed in July, 2013, based on the \$6,600 credit base established by the Department of Revenue and the number of eligible parcels on which the credit will be claimed. Funding for the credit in 2014-15 would remain at the base level of \$150,000,000.

10. NOTICES TO MUNICIPALITIES REGARDING PROPERTY TAX CREDITS

Joint Finance/Legislature: Modify current law provisions regarding the Department of Revenue's administration of state property tax credit programs by accelerating the following dates: (a) from December 1 to November 20, for notifying municipalities of the amount of school levy tax credits to be distributed in the following year; (b) from December 1 to November 20, for calculating the estimated fair market values and notifying municipalities of those values for use in calculating the lottery and gaming credit and the first dollar credit on tax bills; (c) from October 16 to October 1, for the Department of Administration to inform the Joint Committee on Finance of the estimated amount of proceeds in the lottery fund that will be available for distribution in the following year as lottery and gaming credits; (d) from November 1 to October 16, for the Joint Committee on Finance to hold a meeting and revise the estimated amount of proceeds in the lottery fund that will be available for distribution in the following year as lottery and gaming credits; and (e) from November 1 to October 16 for the Department of Administration to inform the Department of Revenue of the estimated amount of proceeds in the lottery fund that will be available for distribution in the following year as lottery and gaming credits. Specify that these modifications would first apply to tax credit distributions in 2015, which means that the accelerated notification procedures would first take place in 2014.

[Act 20 Sections: 1513d, 1513e, 1514c thru 1514f, and 9337(14q)]

Property Taxation

1. SUNSET COUNTY OPERATING TAX RATE LIMIT

Governor/Legislature: Modify the current law provision, created by 2011 Wisconsin Act 32, that suspended the tax rate limit for county operating levies for property tax years 2011(12) and 2012(13) to, instead, sunset the limit. Counties would remain subject to the county and municipal levy limit and current law provisions pertaining to the issuance of debt.

[Act 20 Section: 1244]

2. COUNTY AND MUNICIPAL LEVY LIMIT -- CARRY FORWARD ADJUSTMENT

[LFB Paper 605]

Governor: Modify the levy limit adjustment that allows a portion of the prior year unused levy authority to be carried forward to the succeeding year by requiring a supermajority vote of the local governing body as a condition for claiming the adjustment. Repeal the current law provision that excludes local governments who did not use the carry forward adjustment in 2011 from the negative levy limit adjustment that is triggered by a reduction in debt service on general obligation bonds issued before July 1, 2005. The carry forward and debt service reduction adjustments were created in 2011 Wisconsin Act 32. The Act requires a supermajority vote of the local governing body for carry forward adjustments claimed in 2011 and 2012, but the Act does not require a supermajority vote of the local governing body in succeeding years. This provision would extend the supermajority requirement to carry forward adjustments claimed in 2013 and thereafter. A supermajority is: (a) three-quarters of the governing body for cities, villages, and counties with governing bodies comprised of five or more members; (b) two-thirds of the governing body for cities, villages, and counties with governing bodies comprised of less than five members; and (c) two-thirds for town boards, followed by a majority vote at the annual or a special town meeting.

Joint Finance/Legislature: Modify the proposed change to the carry forward adjustment as follows: (a) authorize a carry forward adjustment equal to 0.5% or less of the prior year's actual levy if approved by a simple majority of the local governing body; and (b) authorize a carry forward adjustment of more than 0.5%, but not more than 1.5%, if approved by a supermajority of the local governing body. Delete the proposed repeal of the current law provision that excludes local governments who did not use the carry forward adjustment from the negative levy limit adjustment that is triggered by a reduction in debt service on general obligation bonds issued before July 1, 2005 and, instead, modify that provision so that the exclusion extends only in a year when no carry forward adjustment is claimed.

[Act 20 Sections: 1271m and 1272 thru 1275]

3. COUNTY AND MUNICIPAL LEVY LIMIT -- ADJUSTMENT FOR CERTAIN FEE AND PAYMENTS IN LIEU OF TAXES REVENUE

Joint Finance/Legislature: Require a county or municipality to reduce its allowable levy by the amount of any fee or payments in lieu of taxes revenue in its budget if the fee is for providing, or the payments in lieu of taxes revenue is designated to fund, certain enumerated services that were funded with property tax revenues in calendar year 2013. Designate garbage collection, fire protection, snow plowing, street sweeping, and storm water management as the enumerated services. Specify that the adjustment made each year would equal the estimated fee or payments in lieu of taxes revenue in that year less any previous reductions made to the allowable levy under this provision. Provide that this adjustment would be waived if the county or municipality imposing the fee or payments in lieu of taxes adopts a resolution that the levy limit should not be reduced and has this resolution approved at referendum. These provisions would take effect on the bill's general effective date and would therefore first affect the levy limit for levies adopted in 2013.

[Act 20 Sections: 1271m and 1271p]

4. COUNTY AND MUNICIPAL LEVY LIMIT -- TOWN MEETING APPROVAL OF LEVY INCREASES

Joint Finance/Legislature: Increase the population threshold under which a town meeting may approve a levy increase in excess of the amount allowed under the levy limit from 2,000 to 3,000. Under current law, increases above the levy limit can be approved through passage of a referendum, but certain towns can bypass the referendum procedure. Towns with populations under 2,000 may exceed their levy limits by a vote at the annual town meeting or at a special town meeting, provided the town board previously adopts a resolution supporting the increase and includes the increase on the agenda for the town meeting. This change would allow an additional 90 towns to use the town meeting provision.

[Act 20 Section: 1275e]

5. PROPERTY TAX EXEMPTION FOR BIOGAS ENERGY SYSTEMS

Governor: Modify the current law exemption for solar and wind energy systems to also exempt biogas energy systems from the property tax, beginning with property assessed as of January 1, 2014. Define biogas energy system as: (a) equipment which directly converts biomass, as defined under the Internal Revenue Code, into biogas; (b) equipment which generates electricity, heat, or compressed natural gas exclusively from biogas; (c) equipment which is used exclusively for the direct transfer or storage of biomass or biogas; and (d) any structure used exclusively to shelter or operate such equipment. In order to be exempt, all such equipment and any such structure would have to be located at the same site. Specify that the definition of biogas energy system does not include equipment or components that would be present as part of a conventional energy system. The Internal Revenue Code defines biomass as any organic material other than: (a) oil or natural gas (or any product thereof); and (b) coal, including lignite (or any product thereof).

Joint Finance/Legislature: Modify the provision as follows: (a) include synthetic gas energy systems, as well as biogas energy systems, in property to be added to the exemption; (b) modify the proposed reference to the Internal Revenue Code to also include interpretations by the Internal Revenue Service; (c) specify that structures to be included under the exemption also include the portion of any structure used in part to shelter or operate exempt equipment that is allocable to such use; (d) define synthetic gas as a gas that qualifies as a renewable resource under current law provisions authorizing the renewable energy sources program; and (e) specify that the equipment to qualify for the exemption includes manure, substrate, and other feedstock collection and delivery systems; pumping and processing equipment; gasifiers and digester tanks; biogas and synthetic gas cleaning and compression equipment; fiber separation and drying equipment; and heat recovery equipment.

[Act 20 Sections: 1279 and 9337(10)]

6. PROPERTY TAX EXEMPTION FOR JEWISH COMMUNITY CENTERS OF NORTH AMERICA

SEG-REV	- \$700
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Joint Finance/Legislature: Modify the property tax exemption for certain charitable organizations, which is authorized under current law, to include property owned by Jewish Community Centers of North America, but limit the exemption to not more than 40 acres for property located in a town and to not more than ten acres for property located in a city or village. Extend the exemption to property assessed as of January 1, 2014. Based on information provided by municipal officials, facilities qualifying for this exemption have a taxable value of more than \$4 million and paid over \$80,000 in taxes for 2012(13). Under this provision, these taxes would be shifted to owners of properties that are taxable and state forestry taxes that are collected and deposited in the state conservation fund would be reduced by an estimated \$700 in 2014-15.

[Act 20 Sections: 1278j and 9337(1d)]

7. PROPERTY TAX EXEMPTION FOR STUDENT HOUSING FACILITIES

Joint Finance: Modify the property tax exemption for student housing facilities that is authorized under current law to specify that the exemption does not include a housing facility owned or used by a university fraternity or sorority, college fraternity or sorority, or high school fraternity or sorority. In addition, limit the exemption to facilities in existence and meeting the other requirements for the exemption on the general effective date of the bill. Extend the exclusion of fraternities and sororities to first apply to property assessed as of January 1, 2013.

The current law exemption was created in 2009 Wisconsin Act 28 and includes a provision limiting it to facilities where at least 90% of the residents are students enrolled at the University of Wisconsin-Madison. This effectively limits the exemption to properties in the City of Madison and surrounding municipalities. The exemption was intended to be limited to the Pres House, which is affiliated with the Presbyterian Church located on the Madison campus. This provision would specifically exclude fraternities and sororities from the exemption.

Assembly/Legislature: Modify the provision by allowing a facility to qualify for the exemption if the following apply: (a) the facility is located in a municipally designated landmark; and (b) the facility is in existence and meets the other requirements for the exemption on September 30, 2014. This modification would allow a project being planned at the site of the Holy Redeemer Catholic Church in Madison to qualify for the exemption if it is operational by September 30, 2014.

[Act 20 Sections: 1278h, 1278i, and 9337(9d)]

8. PROPERTY TAX EXEMPTION FOR NONPROFIT RESALE STORES

Joint Finance/Legislature: Create a property tax exemption for all property of a resale store that is owned by a nonprofit organization that qualifies for the income tax exemption under section 501(c)(3) of the Internal Revenue Code, if at least 50% of the revenue generated by the resale store is given to one other nonprofit organization located either in the same county where the resale store is located or in an adjacent county. Define resale store as a store that primarily sells used tangible personal property at retail. Extend the exemption to property assessed as of January 1, 2014.

[Act 20 Sections: 1278k and 9337(8d)]

9. PROPERTY TAX EXEMPTION FOR PROPERTY USED FOR AGING CHEESE

Joint Finance: Modify current law provisions defining manufacturing to specify that entities that age natural cheese on behalf of others are considered to be establishments that primarily manufacture cheese, as defined by the federal government, regardless of whether the entity that ages the natural cheese also made or owns the cheese. Specify that the process of aging natural cheese includes the aging, curing, or ripening of natural cheese. Modify definitions in the property tax exemption for manufacturing machinery and specific processing equipment as follows: (a) specify that "storage" does not include aging natural cheese; and (b) specify that "used directly" includes aging natural cheese. Exclude entities described under these provisions from claiming the manufacturing and agriculture tax credit for income and franchise tax purposes. Extend these provisions to property assessed as of January 1, 2014. The effect of this provision would be to extend the manufacturing machinery and specific processing equipment property tax exemption to entities that age natural cheese on behalf of others.

Assembly/Legislature: Delete provision.

10. PROPERTY TAX TREATMENT OF OFF-PREMISES ADVERTISING SIGNS

Joint Finance/Legislature: Modify the definition of personal property by specifying that personal property includes off-premises advertising signs, defined as signs that do not advertise the business or activity that occurs at the site where the sign is located. In addition, modify the definition of real property by specifying that the terms "real property" and "real estate" do not include any permit or license required to place, operate, or maintain at a specific location one or more off-premises advertising signs or any value associated with the permit or license. Extend this

treatment to property assessed as of January 1, 2014.

[Act 20 Sections: 1278d thru 1278g and 9337(10d)]

11. DEPARTMENT OF REVENUE ASSESSMENT OF CERTAIN COMMERCIAL PROPERTY

Joint Finance/Legislature: Require the Department of Revenue to perform assessments of individual commercial properties, including any personal property located on those properties, if the following conditions are met: (a) the property owner and the governing body of the municipality where the property is located submit a written request by March 1 for DOR to assess the property; (b) the written request specifies the parcels of real property and the items of personal property to be assessed; (c) in the prior year, the assessed value of the property owner's commercial property in the municipality was at least \$24,000,000; (d) in the prior year, the assessed value of the property owner's commercial property in the municipality represented at least 9% of the municipality's assessed value; and (e) the property is located in a fourth class city. Authorize DOR to request information that it deems necessary to perform the assessment from the property owner and from the municipality where the property is located. Authorize appeals of the Department's assessment to the Tax Appeals Commission under current law provisions, but specify that if the municipality or property owner fails to provide any requested information, that party may not seek redetermination of the assessment by the Tax Appeals Commission. Direct DOR to determine the full market value of any property under this provision by June 1 of the year of the request, and direct DOR to notify the property owner and the municipal governing body in writing of its findings and value determination. Direct the municipal assessor to adjust the value or values determined by DOR to reflect the assessment level of other property located in the municipality and to enter the adjusted value or values in the assessment roll for the municipality. Require DOR to impose a fee on each municipality where DOR assesses commercial property equal to the cost of DOR's assessment of that property. Require the municipality to enter the fee on its subsequent tax roll as a special charge against property in the municipality and prohibit the municipality from applying the special charge disproportionately to owners of commercial property. If a municipality has not paid its fee to DOR by the following March 31, authorize DOR to reduce the municipality's July payment of county and municipal aid and transfer the reduction to a new, continuing PR appropriation created to fund DOR responsibilities under this provision. Specify that all special charges and transferred aid amounts received under this provision be credited to this appropriation. Specify that these provisions would first apply to property assessed as of January 1, 2014.

[Act 20 Sections: 463d, 1287d, and 9337(2q)]

Local Revenue Options

1. LOCAL EXPOSITION DISTRICT TAXES -- TREATMENT OF SINGLE-OWNER ENTITIES

Governor/Legislature: Specify that a current law sales and use tax administration provision, which disregards a single-owner entity as a separate entity if the single-owner entity is disregarded as a separate entity for state income tax purposes, would apply to the administration of the following taxes and fees: (a) the food and beverage, room, and vehicle rental car taxes imposed by a local exposition district; and (b) vehicle rental car fees imposed by the state. Specify that this provision would take effect on the first day of the second month after publication of the budget act.

[Act 20 Sections: 1277, 1502, 1503, 1504, and 9437(3)]

2. PREMIER RESORT AREA TAX -- EXISTING PREMIER RESORT AREAS

Joint Finance/Legislature: Specify that any municipality that has enacted an ordinance imposing a premier resort tax that was effective before January 1, 2000, may amend the ordinance to increase its premier resort tax rate up to a maximum of 1.25%. Require that in order to impose an increase in the premier resort area tax rate, the municipality's governing body would have to adopt a resolution proclaiming its intent to increase the tax rate and the resolution would have to be approved by a majority of electors of the municipality voting on the resolution at a referendum held at the first spring primary or election or partisan primary or general election occurring at least 70 days after the date the resolution is adopted.

A premier resort area tax option for local government units that meet certain eligibility criteria was created by 1997 Wisconsin Act 27. Under 2009 Wisconsin Act 28, any municipality that enacted an ordinance to impose a 0.5% premier resort area tax prior to January 1, 2000, can amend its ordinance to increase the tax rate to 1.0%. Only the Village of Lake Delton and the City of Wisconsin Dells meet this specified date. Both municipalities increased their premier resort area tax rates to 1%, effective January 1, 2010. This provision would allow these two municipalities to increase the premier resort tax rate from 1% up to a maximum of 1.25%, if approved at referendum by the respective municipality's electors.

[Act 20 Sections: 1503g and 1503h]

3. PREMIER RESORT AREA TAX -- VILLAGE OF STOCKHOLM

Joint Finance/Legislature: Provide an exemption for the Village of Stockholm in Pepin County from the statutory requirement that 40% of their equalized value be used by tourism-related retailers in order to declare themselves a premier resort area. Require that in order to impose a 0.5% premier resort area tax, the Village's governing body would have to adopt a

resolution proclaiming its intent to impose the tax and the resolution would have to be adopted by a majority of electors in the Village at a referendum held at the first spring primary or election or partisan primary or general election occurring at least 70 days after the date the resolution is adopted. Specify that the ability of the Village to impose the tax would take effect on the first day of the calendar quarter beginning at least 120 days after publication of the bill.

[Act 20 Sections: 1277m thru 1277me and 9437(3L)]

Other Credits

Descriptions of any 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, film production company investment credit, dairy manufacturing facility investment credits, woody biomass harvesting and processing credit, beginning farmer and farm asset owner tax credit, food processing plant and food warehouse investment credit, meat processing facility investment credit, claim of right credit, and cigarette and tobacco products tax refunds are provided under "General Fund Taxes."

STATE FAIR PARK

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$6,738,600	\$6,989,500	\$6,989,500	\$6,989,500	\$6,989,500	\$250,900	3.7%
PR	<u>37,621,200</u>	<u>38,675,400</u>	<u>38,202,200</u>	<u>38,202,200</u>	<u>38,202,200</u>	<u>581,000</u>	1.5
TOTAL	\$44,359,800	\$45,664,900	\$45,191,700	\$45,191,700	\$45,191,700	\$831,900	1.9%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
PR	39.90	39.00	40.00	40.00	40.00	0.10

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 615]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	\$906,800	- \$473,200	\$433,600

Governor: Provide \$453,400 annually for standard budget adjustments, including \$318,700 for full funding of salary and fringe benefits for continuing positions and \$134,700 for staff overtime costs.

Joint Finance/Legislature: Adopt the Governor's recommendation. In addition, delete \$237,000 in 2013-14 and \$236,200 in 2014-15 to reflect adjustments for the full funding of lease costs and directed moves. These adjustments had been inadvertently omitted from the bill.

2. STATE FAIR PARK OPERATIONS INCREASES

PR	\$1,865,400
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Governor/Legislature: Provide \$931,700 in 2013-14 and \$933,700 in 2014-15 for

increased operations costs primarily related to the annual Wisconsin State Fair. Expenditure increases are as follows: (a) \$425,000 annually in supplies and services for operations of the State Fair midway; (b) \$231,400 each year for salary and fringe benefit costs for limited-term employees (LTEs), including additional personnel to operate the State Fair midway, additional police and security personnel during the State Fair, and staff for a shop to create and maintain signage for the Park, instead of purchasing signage through a vendor; (c) \$225,000 annually for additional entertainment expenses, primarily for entertainers at the main grandstand during the State Fair; (d) \$25,300 in 2013-14 and \$27,300 beginning in 2014-15 for additional overtime costs primarily related to the operation of the State Fair midway; and (e) \$25,000 annually in supplies and services for the signage shop.

Of the \$231,400 provided each year for additional LTE staffing costs, \$202,900 is designated as one-time funding in the state budget system, meaning these amounts would not continue in subsequent biennia. In February, 2013, 4.0 PR positions for State Fair Park were approved without additional funding by the Joint Committee on Finance under the s. 16.505, 14-day passive review process, too late to be included in the budget system for the 2013-15 biennium. Therefore, under the bill and the February, 2013, action, State Fair Park would be authorized 44.0 permanent positions in 2013-15. One-time budget authority for LTE staffing is intended to limit increases to State Fair Park's ongoing base budget authority for staff. (The four permanent staff authorized in February, 2013, will receive full funding under standard budget adjustments in the 2015-17 biennium.)

State Fair Park operations are budgeted at approximately \$15.0 million PR each year. Total costs, which include PR-supported debt service and a small capital reserve, are budgeted at approximately \$19.1 million PR each year. Park revenues were \$19.6 million in 2011-12, and are estimated at similar levels each year in the 2013-15 biennium.

3. STATE FAIR PARK POLICE SERVICES [LFB Paper 616]

	Governor (Chg. to Base) Positions	Jt. Finance/Leg. (Chg. to Gov) Positions	Net Change Positions
PR	- 1.00	1.00	0.00

Governor: Require State Fair Park to enter into a memorandum of understanding (MOU) with the Capitol Police under the Department of Administration (DOA) for the provision of police and security services at State Fair Park. Transfer 1.0 position for the State Fair Park police chief to DOA, and convert the following amounts from State Fair Park's base budget into \$956,700 in supplies and services to support costs of Capitol Police services: (a) \$81,900 in salaries for permanent positions; (b) \$752,200 in limited-term/miscellaneous employee salaries; and (c) \$122,600 in fringe benefits.

State Fair Park hires sworn police officers as LTEs to provide police services at Park events. The Park also hires other LTEs for security services, such as traffic control and event

setup and striking, although these employees are generally not sworn officers with police powers. Park police are overseen by a chief of police, which is a permanent position based at the Park. The provision intends for the Capitol Police to draw from a larger pool of officers in providing police and security services to state facilities.

Joint Finance/Legislature: Delete provision.

4. POSITIONS RECLASSIFICATIONS AND ADJUSTMENTS

	Positions
PR	0.10

Governor/Legislature: Convert 15.0 classified State Fair Park positions to unclassified in the state budget system. The conversion of classified positions to unclassified is intended to align the state budget system with statutory provisions. Specifically, 1999 Act 9 provided that all employees of the State Fair Park Board were to be in the unclassified service. The act also specified that certain employees in the classified service as of the act's effective date (October 29, 1999) retain various protections afforded to classified employees, such as those relating to demotion, suspension, layoff or reduction in base pay, while serving in the unclassified service of the State Fair Park Board. Following the enactment of 1999 Act 9, the then-Department of Employee Relations determined a number of positions were more appropriately retained in the classified service, and the state budget system has maintained this status for 15.0 positions. This provision converts all remaining State Fair Park employees in the state budget system to the unclassified service, consistent with the statutory provision.

Also, provide 0.1 unclassified position to make a currently 0.9 executive staff assistant full-time. Convert \$7,400 for LTE salary to \$4,800 in salaries for permanent positions and \$2,600 in fringe benefits.

5. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	\$250,900
PR	<u>- 1,718,000</u>
Total	- \$1,467,100

Governor/Legislature: Provide \$125,600 GPR in 2013-14 and \$125,300 GPR in 2014-15 to reflect estimated debt service payments on certain State Fair Park facilities. GPR debt service is primarily associated with agricultural and other exhibition facilities at State Fair Park, as well as various land acquisitions, certain infrastructure projects and the Tommy G. Thompson Youth Center. Total GPR debt service payments for State Fair Park are budgeted at \$3.5 million each year in 2013-15.

Also, reduce estimated PR-supported debt service by \$865,700 in 2013-14 and by \$852,300 in 2014-15. Total PR debt service payments are budgeted at \$3.9 million in 2013-14 and \$4.0 million in 2014-15. State Fair Park's remaining PR-supported debt service is primarily associated with the Milwaukee Mile racetrack and grandstand, the Wisconsin Exposition Center, and other general facilities improvements. The PR debt reductions in 2013-15 reflect significantly lower principal and interest payments for the Pettit National Ice Center beginning in 2013-14. The Pettit Center was built in 1992 on Park grounds and financed in part with state-issued debt; in 2007, the property was sold to a nonprofit corporation that now owns and operates the building.

STATE TREASURER

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
PR	\$9,722,200	\$9,752,200	\$1,089,600	\$1,089,600	\$1,089,600	-\$8,632,600	- 88.8%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
PR	9.95	9.95	4.00	4.00	4.00	- 5.95

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
PR	-\$371,400	- 4.00

Governor/Legislature: Provide standard budget adjustments to base totaling -\$187,200 in 2013-14 and -\$184,200 in 2014-15, and a reduction of 4.0 positions annually. Adjustments are for: (a) removal of non-continuing items (-\$200,700 and 4.0 positions annually); (b) full funding of continuing salaries and fringe benefits (-\$4,900 annually); and (c) full funding of lease costs and directed moves (\$18,400 in 2013-14 and \$21,400 in 2014-15).

2. UNCLAIMED PROPERTY PROGRAM PERMANENT POSITIONS

	Funding	Positions
PR	\$401,400	4.00

Governor/Legislature: Provide \$200,700 and 4.0 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. Under current law, these positions are provided on a temporary basis set to expire on June 30, 2013. [The Executive Budget Book indicates that these positions would be extended for two years and deleted on June 30, 2015.]

3. TRANSFER UNCLAIMED PROPERTY PROGRAM ADMINISTRATION TO DEPARTMENT OF REVENUE

	Funding	Positions
PR	- \$8,662,600	- 5.95

Joint Finance/Legislature: Transfer administration of the unclaimed property program from the Office of State Treasurer (OST) to the Department of Revenue (DOR). Delete \$4,329,800 PR in 2013-14 and \$4,332,800 PR in 2014-15 and 5.95 PR positions from the OST unclaimed property administrative expenses appropriation. Rename the appropriation the administrative expenses appropriation. Specify that program revenue to the appropriation be transferred from DOR to the OST for the promotion of the unclaimed property program. Further, specify that promotion of the program by the State Treasurer be conducted in consultation with the Secretary of DOR. Total funding for the Office would be \$544,800 annually with 4.0 positions, including the State Treasurer.

Transfer the following appropriations from the OST to DOR: (a) the GPR unclaimed property contingency appropriation; and (b) the PR unclaimed property claims appropriation. Specify that the incumbent employees currently occupying the positions be transferred and any employment rights and status that the employees currently have at the OST be retained. The assets and liabilities of the OST that the Secretary of Administration determines to be primarily related to activities under Chapter 177 of the Statutes would become the assets and liabilities of DOR. Further, all incumbent employees who hold positions in the OST performing duties that DOA determines to be primarily related to Chapter 177, and the full-time equivalent positions held by those employees, would be transferred to DOR. Employees transferred under the provision would retain employment rights and status in DOR that they enjoyed in the OST immediately before the transfer. Employees that have attained permanent classification status would not be required to serve a probationary period.

In addition, all tangible personal property, contracts, administrative rules, orders issued, and any other pending matters of the OST primarily related to the unclaimed property program under Chapter 177 of the Statutes, as determined by the Secretary of DOA, would be transferred to DOR. All contracts that were entered into by the OST in relation to such activities, and that are in effect on the effective date of the bill, would be transferred to DOR. [See "Revenue -- Departmentwide."]

[Act 20 Sections: 28m, 375m, 463f thru 463r, 490m, 1971m, 1971r, 1972m, 1976m, 1982d thru 1982t, 1990g thru 1990s, 2267b, 2267d, 2270e, 2270r, 2271m, 2295d thru 2295t, and 9146(1c)]

SUPREME COURT

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$30,550,600	\$29,577,600	\$29,577,600	\$29,577,600	\$29,577,600	- \$973,000	- 3.2%
FED	1,829,200	1,789,200	1,789,200	1,789,200	1,789,200	- 40,000	- 2.2
PR	30,081,800	29,514,800	29,514,800	29,514,800	29,514,800	- 567,000	- 1.9
SEG	<u>1,533,400</u>	<u>1,470,900</u>	<u>1,470,900</u>	<u>1,470,900</u>	<u>1,470,900</u>	<u>- 62,500</u>	- 4.1
TOTAL	\$63,995,000	\$62,352,500	\$62,352,500	\$62,352,500	\$62,352,500	- \$1,642,500	- 2.6%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	114.50	114.50	114.50	114.50	114.50	0.00
FED	5.00	5.00	5.00	5.00	5.00	0.00
PR	95.25	95.25	95.25	95.25	95.25	0.00
SEG	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>
TOTAL	219.75	219.75	219.75	219.75	219.75	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Provide base budget funding adjustments for: (a) full funding continuing position salaries and fringe benefits (-\$534,300 GPR, -\$18,900 FED, -\$318,500 PR, and -\$24,800 SEG annually); and (b) full funding of lease and directed moves costs (\$34,400 GPR, -\$1,100 FED, \$27,000 PR, and -\$6,800 SEG in 2013-14; and \$61,200 GPR, -\$1,100 FED, \$43,000 PR, and -\$6,100 SEG in 2014-15).

GPR	- \$973,000
FED	- 40,000
PR	- 567,000
SEG	<u>- 62,500</u>
Total	- \$1,642,500

2. MODIFY STATUTORY SALARY GROUP FOR STATE LAW LIBRARIAN

Governor/Legislature: Remove the State Law Librarian position from Executive Salary Group (ESG) 1. Instead, include the position under salaries set by appointing authorities. For the State Law Library, the appointing authority is the Supreme Court.

Under current law, section 20.923 of the statutes provides for salaries in order to "establish a consistent and equitable salary setting mechanism for all elected officials, appointed state agency heads, division administrators and other executive-level unclassified positions." Certain state-agency positions are specified under 10 ESGs, whose salaries are established under the compensation plan, including the State Law Librarian. A separate provision specifies certain positions whose salaries are set by the appointing authority, subject to any applicable limitations under statute, the compensation plan, or collective bargaining, including the State Law Library assistant librarian, State Law Library clerical and expert assistants, Supreme Court assistants, Supreme Court clerks and employees, Supreme Court clerk and deputy clerk. The Governor's recommendation would remove the State Law Librarian from ESG 1 and, instead, place the position among the group of positions whose salaries are set by the appointment authority.

[Act 20 Sections: 493 and 496]

3. COURTS LAPSE REQUIREMENT [LFB Paper 625]

GPR-Lapse	- \$5,153,000
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Under 2011 Act 32, the Chief Justice of the Supreme Court must take action in both the 2011-13 and 2013-15 biennia to ensure that \$16,960,400 from the appropriations under the Supreme Court, Court of Appeals, and Circuit Courts be lapsed to the general fund. That provision is unchanged in the Governor's 2013-15 budget recommendations. Thus, the Courts are required to lapse \$16,960,400 to the general fund in 2013-15.

Joint Finance/Legislature: Modify the 2011 Act 32 provision to specify that the Chief Justice of the Supreme Court must take action in the 2013-15 biennium to ensure that \$11,807,400 from the appropriations under the Supreme Court, Court of Appeals, and Circuit Courts be lapsed to the general fund (a -\$5,153,000 adjustment to the original lapse requirement).

[Act 20 Section: 2364m]

TOURISM

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$9,348,400	\$10,648,200	\$10,537,400	\$10,537,400	\$10,537,400	\$1,189,000	12.7%
FED	1,511,000	1,517,400	1,517,400	1,517,400	1,517,400	6,400	0.4
PR	19,799,400	19,011,000	19,011,000	19,011,000	19,011,000	- 788,400	- 4.0
SEG	<u>4,768,600</u>	<u>4,748,000</u>	<u>4,591,000</u>	<u>4,591,000</u>	<u>4,591,000</u>	<u>- 177,600</u>	- 3.7
TOTAL	\$35,427,400	\$35,924,600	\$35,656,800	\$35,656,800	\$35,656,800	\$229,400	0.6%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	30.00	30.00	30.00	30.00	30.00	0.00
FED	1.00	1.00	1.00	1.00	1.00	0.00
PR	1.00	1.25	1.25	1.25	1.25	0.25
SEG	<u>3.00</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>	<u>- 0.25</u>
TOTAL	35.00	35.00	35.00	35.00	35.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [LFB Paper 630]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$10,200	-\$110,800	-\$121,000
FED	6,400	0	6,400
PR	- 55,800	0	- 55,800
SEG	<u>- 13,600</u>	<u>0</u>	<u>- 13,600</u>
Total	- \$73,200	- \$110,800	- \$184,000

Governor: Provide adjustments to the agency base budget for: (a) full funding of salaries and fringe benefits for continuing positions (-\$36,600 GPR annually, \$2,400 FED annually, -\$6,000 PR annually, and -\$2,200 SEG annually); (b) reclassifications and

semiautomatic pay progressions (\$8,000 GPR annually); and (c) full funding of lease costs and directed moves (\$21,800 GPR in 2013-14 and \$25,200 GPR in 2014-15, \$800 FED annually, -\$22,000 PR in 2013-14 and -\$21,800 PR in 2014-15, and -\$4,600 SEG annually).

Joint Finance/Legislature: Adopt the Governor's recommendation. Additionally, delete: (a) \$21,700 GPR annually under tourism promotion general operations for fringe benefits; and (b) \$33,700 GPR annually under Arts Board general operations for permanent employee salaries. These amounts had been included in the bill in error.

2. TOURISM MARKETING FUNDING [LFB Paper 631]

GPR	\$1,310,000
PR	- 810,000
Total	\$500,000

Governor/Legislature: Provide an additional \$250,000 GPR each year for tourism marketing, and convert expenditure authority of \$405,000 tribal gaming PR for tourism marketing each year to GPR. The change in funding is intended to allow additional tribal gaming PR to support initiatives primarily under the Department of Veterans Affairs. Converting \$405,000 in tourism marketing funds from tribal gaming PR to GPR, by itself, would have no net general fund effect, as uncommitted amounts of tribal gaming PR in annual or biennial appropriations lapse to the general fund at the close of each fiscal year or fiscal biennium.

Tourism is appropriated \$12,545,500 for marketing each year in 2013-15 as shown in the following table. (These totals include certain standard budget adjustments.) Tourism uses the appropriations primarily for marketing Wisconsin destinations through advertising campaigns, publications and other traveler resources. Marketing funds also are used for several statutory earmarks, as well as the Joint Effort Marketing grant program, which awards grants to local organizations to advertise: (a) one-time or new events; (b) existing events seeking out new advertising markets or employing new marketing strategies; or (c) regional destinations seeking to market their area and often to develop a brand awareness for it. Tourism also has base funding of \$160,000 tribal gaming PR, included in the table below, budgeted separately for the Tourist Information Center grant program, which supports grants to local organizations that operate centers offering information on area attractions to travelers. This amount is unchanged in 2013-15.

Tourism Marketing Appropriations

<u>Fund Source</u>	<u>Base</u>	<u>2013-14</u>	<u>2014-15</u>
GPR	\$1,172,100	\$1,827,100	\$1,827,100
Tribal PR	9,557,900	9,127,100	9,127,100
Transportation SEG	<u>1,595,900</u>	<u>1,591,300</u>	<u>1,591,300</u>
Total	\$12,325,900	\$12,545,500	\$12,545,500

3. KICKAPOO VALLEY RESERVE LAW ENFORCEMENT STAFFING

	Funding	Positions
PR	\$77,400	0.25
SEG	<u>- 32,000</u>	<u>- 0.25</u>
Total	\$45,400	0.00

Governor/Legislature: Provide \$22,700 tribal gaming PR annually for additional law enforcement services at the Kickapoo Valley Reserve, including \$16,700 for limited-term employee (LTE) salaries and fringe benefits, and \$6,000 for supplies and services. Additionally, convert expenditure authority of \$16,000 SEG from the forestry account of the conservation fund, along with 0.25 program assistant position, to a tribal gaming PR appropriation for law enforcement services.

The Kickapoo Valley Reserve, located in Vernon County north of La Farge, consists of approximately 7,400 acres under state ownership and 1,200 held by the federal government in trust for the Ho-Chunk Nation. It is open to the public year-round for various hunting, fishing, and trail-based outdoor activities, as well as educational programming. The Reserve hires sworn law enforcement officers as LTEs to provide police services, primarily in season and during other high-traffic times. The Reserve reports it has identified needs for an increased law enforcement presence, particularly on weekdays throughout the spring and summer. The provision is primarily intended to: (a) provide funding for additional LTE officers to conduct patrols; and (b) reflect the current workload of a full-time program assistant on the Reserve staff who both supervises LTE officers and also performs these patrols on occasion as a sworn officer. A portion of this person's position authorization is transferred by the provision between the Reserve's forestry SEG general operations appropriations to its tribal gaming PR law enforcement services appropriation. Also, \$6,000 annually for supplies and services is provided for the purchase of radio and computer equipment that would be more interoperable with the state Department of Justice and local sheriffs' departments.

4. KICKAPOO VALLEY RESERVE STAFFING INCREASE

SEG	\$25,000
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Governor/Legislature: Provide \$12,500 SEG annually from the forestry account of the conservation fund for additional general staffing at the Kickapoo Valley Reserve, including: (a) \$8,900 for additional salary and fringe benefits for limited-term employees; (b) \$3,400 for additional salary and fringe benefits for permanent employees' overtime costs; and (c) \$200 for additional night and weekend pay for permanent employees. The increase is intended to allow the Reserve to extend non-police staffing to additional weekends, evenings and special events during which the Reserve expects to be open.

5. KICKAPOO VALLEY RESERVE AIDS IN LIEU OF PROPERTY TAXES [LFB Paper 632]

SEG	-\$157,000
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Joint Finance/Legislature: Reestimate aids in lieu of property taxes for the Kickapoo Valley Reserve by -\$81,000 in 2013-14 and by -\$76,000 in 2014-15. Because state property is exempt from property taxes, the state makes payments in lieu of property taxes each January to several affected municipalities and school districts. Payments are adjusted annually to reflect changes in equalized assessed values and the property tax rates in each taxation district. Payments are made from a forestry account sum-sufficient appropriation. Aids in lieu of property

tax payments are budgeted at \$275,000 in 2013-14 and \$280,000 in 2014-15.

6. FILM INDUSTRY TAX CREDITS

Joint Finance/Legislature: Eliminate the film production services tax credit and the film production company investment tax credit, beginning with credits claimed for the 2014 tax year. [The fiscal effect is shown under "General Fund Taxes--Income and Franchise Taxes."]

Under the film production services credit, the Department's role is accrediting eligible film, television and video game productions, including determining the work's eligible production expenditures and notifying the Department of Revenue of the production's accreditation and eligible expenditures. Under the film production company investment credit, Tourism must certify eligible expenses incurred in starting or operating a film production company. Total credits claimed for the two programs may not exceed \$500,000 in a fiscal year. Both credits are refundable, meaning a claimant may receive a payment if the credit amount exceeds the person's tax liability.

By statute, credit applicants must pay Tourism an application fee under the film production services credit equal to the lesser of \$500 or 2% of budgeted production expenditures. Revenues are deposited to a program revenue continuing appropriation in Tourism. The elimination of the credit is expected to have a minimal fiscal impact to the appropriation.

[Act 20 Sections: 1344d, 1344g, 1395e, 1395h, 1431e, and 1431h]

TRANSPORTATION

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$324,592,000	\$427,950,600	\$315,585,200	\$315,585,200	\$315,585,200	- \$9,006,800	- 2.8%
FED	1,701,927,800	1,680,577,800	1,680,577,800	1,680,577,800	1,680,577,800	- 21,350,000	- 1.3
PR	10,717,000	8,344,000	10,842,800	10,842,800	10,842,800	125,800	1.2
SEG	3,283,126,800	3,282,754,100	3,327,040,200	3,327,040,200	3,327,040,200	43,913,400	1.3
SEG-L	217,118,800	215,247,900	215,747,900	215,747,900	215,747,900	- 1,370,900	-0.6
SEG-S	<u>395,796,200</u>	<u>481,018,800</u>	<u>481,018,800</u>	<u>481,018,800</u>	<u>481,018,800</u>	<u>85,222,600</u>	21.5
TOTAL	\$5,933,278,600	\$6,095,893,200	\$6,030,812,700	\$6,030,812,700	\$6,030,812,700	\$97,534,100	1.6%
BR		\$994,212,000	\$991,412,000	\$991,412,000	\$991,412,000		

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
FED	850.29	846.29	842.29	842.29	842.29	- 8.00
PR	15.00	2.00	15.00	15.00	15.00	0.00
SEG	2,478.75	2,694.75	2,657.75	2,657.75	2,657.75	179.00
SEG-S	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>0.00</u>
TOTAL	3,350.04	3,549.04	3,521.04	3,521.04	3,521.04	171.00

Budget Change Items

Transportation Finance

1. FUND CONDITION STATEMENT [LFB Paper 635]

The following table shows the 2013-15 transportation fund condition statement under Act 20.

	<u>2013-14</u>	<u>2014-15</u>
Unappropriated Balance, July 1	\$109,460,500	\$31,699,300
Revenues		
Motor Fuel Tax	\$971,800,000	\$981,300,000
Vehicle Registration Fees	637,996,400	634,933,100
Less Revenue Bond Debt Service	-225,424,300	-234,967,700
General Fund Transfer	60,877,000	152,837,100
Petroleum Inspection Fund Transfer	22,258,500	22,258,500
Driver's License Fees	40,492,500	40,338,400
Miscellaneous Motor Vehicle Fees	28,941,500	29,061,800
Aeronautical Fees and Taxes	8,189,100	8,322,400
Railroad Property Taxes	30,838,900	31,521,100
Investment Earnings	-389,500	-389,500
Miscellaneous Departmental Revenues	<u>21,586,700</u>	<u>22,347,800</u>
Total Annual Revenues	\$1,597,166,800	\$1,687,563,000
Total Available	\$1,706,627,300	\$1,719,262,300
Appropriations and Reserves		
DOT Appropriations	\$1,648,633,500	\$1,677,697,900
Other Agency Appropriations	25,294,000	25,428,400
Less Estimated Lapses	-3,500,000	-3,500,000
Compensation and Other Reserves	<u>4,500,500</u>	<u>17,866,000</u>
Net Appropriations and Reserves	\$1,674,928,000	\$1,717,492,300
Unappropriated Balance, June 30	\$31,699,300	\$1,770,000

2. FEDERAL HIGHWAY FORMULA AID ALLOCATION

Governor: Reestimate federal highway formula aid at \$710,817,800 in 2013-14 and \$710,915,300 in 2014-15, which represents a decrease of \$10,659,600 in 2013-14 and \$10,562,100 in 2014-15, relative to the 2012-13 appropriation base. The Department of Administration anticipates that the state's federal highway aid will decrease slightly under the recently-passed federal surface transportation reauthorization act, Moving Ahead for Progress in the 21st Century (MAP-21). The bill would modify several appropriations in response to the reduction and to federal law changes. Most notably, the bill would consolidate the transportation enhancements, bicycle and pedestrian facilities, and safe routes to school programs into a new program, entitled transportation alternatives, and would fund the new program at about one-half the combined base of the eliminated programs. In addition, the bill would eliminate the allocation of federal highway funds to the passenger rail service appropriation, and would, instead, fund the cost of the state's share of the Chicago to Milwaukee, Hiawatha service using state funds only. Further, the bill would shift funding from the state highway rehabilitation program to the high-cost state highway bridge appropriation in 2013-14 for the Hoan Bridge/Lake Interchange rehabilitation project. Finally, minor changes would be made to some appropriations to reflect standard budget adjustments.

The following table shows the changes to the appropriation base in the bill and the resulting distribution of federal highway formula aid.

	Appropriation Base	Governor Change to Base		Governor Totals	
		2013-14	2014-15	2013-14	2014-15
State Highway Rehabilitation	\$401,232,200	-\$25,000,000	\$0	\$376,232,200	\$401,232,200
Southeast WI Freeway Megaprojects	95,053,100	0	0	95,053,100	95,053,100
Major Highway Development	78,263,500	0	0	78,263,500	78,263,500
High-Cost State Hwy. Bridges	0	25,000,000	0	25,000,000	0
Highway System Mgmt. and Ops.*	1,125,900	-23,400	-23,400	1,102,500	1,102,500
Departmental Mgmt. and Ops.	12,809,400	182,900	182,900	12,992,300	12,992,300
Administration and Planning	3,744,500	-80,500	-80,500	3,664,000	3,664,000
Rail Passenger Service	4,488,700	-4,488,700	-4,488,700	0	0
Local Transportation Facility Improvement	72,238,000	0	0	72,238,000	72,238,000
Local Bridge Improvement	24,409,600	0	0	24,409,600	24,409,600
Railroad Crossing Improvements	3,291,800	0	0	3,291,800	3,291,800
Trans. Enhancements Grants	6,251,600	-6,251,600	-6,251,600	0	0
Bicycle and Pedestrian Facilities	3,720,000	-3,720,000	-3,720,000	0	0
Safe Routes to School	3,230,100	-3,230,100	-3,230,100	0	0
Transportation Alternatives	0	6,951,800	7,049,300	6,951,800	7,049,300
Congestion Mitigation/ Air Quality Improvement	<u>11,619,000</u>	<u>0</u>	<u>0</u>	<u>11,619,000</u>	<u>11,619,000</u>
Total	\$721,477,400	-\$10,659,600	-\$10,562,100	\$710,817,800	\$710,915,300

*This appropriation is currently titled highway maintenance, repair, and traffic operations; the bill would rename the appropriation as part of a proposed split of the current appropriation structure for highway maintenance activities into two parts.

Joint Finance/Legislature: The following table shows the changes to the Governor's bill made under the Joint Committee on Finance substitute amendment and the resulting allocation. The substitute amendment would reallocate funding among appropriations, but would make no net changes to the total federal aid estimate. The increase to the state highway rehabilitation program would be offset by a corresponding decrease in the SEG funding for that program, while the reductions to the southeast Wisconsin freeway megaprojects and congestion mitigation/air quality improvement programs would result in funding reductions of the amounts shown for those programs.

	Joint Finance/Leg. Changes to Governor		Joint Finance/Leg. Totals	
	2013-14	2014-15	2013-14	2014-15
State Highway Rehabilitation	\$0	\$17,900,000	\$376,232,200	\$419,132,200
Southeast WI Freeway Megaprojects	0	-17,000,000	95,053,100	78,053,100
Major Highway Development	0	0	78,263,500	78,263,500
High-Cost State Hwy. Bridges	0	0	25,000,000	0
Highway System Mgmt. and Ops.	0	0	1,102,500	1,102,500
Departmental Mgmt. and Ops.	0	0	12,992,300	12,992,300
Administration and Planning	0	0	3,664,000	3,664,000
Local Transportation Facility Improvement	0	0	72,238,000	72,238,000
Local Bridge Improvement	0	0	24,409,600	24,409,600
Railroad Crossing Improvements	0	0	3,291,800	3,291,800
Transportation Alternatives Congestion Mitigation/ Air Quality Improvement	0	0	6,951,800	7,049,300
	<u>0</u>	<u>-900,000</u>	<u>11,619,000</u>	<u>10,719,000</u>
Total	\$0	\$0	\$710,817,800	\$710,915,300

3. TRANSPORTATION REVENUE BOND AUTHORIZATION [LFB Paper 652] BR \$416,512,000

Governor/Legislature: Provide increased revenue bond authority of \$416,512,000, based on the bill's proposed use of bonds for major highway development projects (\$202,316,000 annually) and administrative facility construction projects (\$5,940,000 annually).

[Act 20 Section: 1559]

4. TRANSPORTATION BOND SUMMARY [LFB Paper 636]

Governor: The following table summarizes the biennial bond authorization for transportation projects in the Governor's bill, by type of bond and program or project.

Transportation Fund-Supported, General Obligation Bonds	
Hoan Bridge/Lake Interchange Project	\$200,000,000
Zoo Interchange	102,000,000
I-94 North-South Freeway	5,000,000
Freight Rail Preservation	60,000,000
Harbor Assistance	<u>10,700,000</u>
Subtotal	\$377,700,000
Transportation Revenue Bonds	
Major Highway Development	\$404,632,000
Administrative Facilities	<u>11,880,000</u>
Subtotal	\$416,512,000
General Fund-Supported, General Obligation Bonds	
Zoo Interchange Project	<u>\$200,000,000</u>
TOTAL	\$994,212,000

Joint Finance/Legislature: The Joint Committee on Finance reduced the total bond authorization by \$2,800,000, relative to the Governor's bill. The following table shows the bond authorization under the Joint Finance substitute amendment.

Transportation Fund-Supported, General Obligation Bonds	
Hoan Bridge/Lake Interchange Project	\$200,000,000
Zoo Interchange	102,000,000
I-94 North-South Freeway	5,000,000
Freight Rail Preservation	52,000,000
Harbor Assistance	<u>15,900,000</u>
Subtotal	\$374,900,000
Transportation Revenue Bonds	
Major Highway Development	\$404,632,000
Administrative Facilities	<u>11,880,000</u>
Subtotal	\$416,512,000
General Fund-Supported, General Obligation Bonds	
Zoo Interchange Project	<u>\$200,000,000</u>
TOTAL	\$991,412,000

5. GENERAL FUND TRANSFER TO THE TRANSPORTATION FUND [LFB Paper 636]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR-Transfer	\$23,000,000	\$110,293,200	\$133,293,200
SEG-REV	\$23,000,000	\$110,293,200	\$133,293,200

Governor: Transfer \$23,000,000 during the 2013-15 biennium from the general fund to the transportation fund. Although the bill does not specify the year in which the transfer must be made, the fund condition statement submitted with the budget indicates that the transfer would be made in 2013-14, thus having the effect of increasing transportation fund revenues by \$23,000,000 in that year. This transfer is in addition to the current law, annual transfer of 0.25% of general fund taxes made from the general fund to the transportation fund, estimated at \$35,127,000 in 2013-14 and \$36,302,500 in 2014-15. During the 2011-13 biennium, a transfer of \$125,000,000 was made from the general fund to the transportation fund (\$22,500,000 in 2011-12 and \$102,500,000 in 2012-13) and the 0.25% of general fund taxes provision was created, with the first transfer of \$35,127,000 occurring in 2012-13.

Joint Finance/Legislature: Increase the transfer by \$110,293,200, to provide a total transfer of \$133,293,200 under this item. The fund condition statement for the substitute amendment anticipates that \$25,750,000 would be transferred in 2013-14 and \$107,543,200 would be transferred in 2014-15.

[Act 20 Section: 9245(1)]

6. PETROLEUM INSPECTION FUND TRANSFER TO THE TRANSPORTATION FUND [LFB Paper 636]

SEG-Transfer	\$32,000,000
SEG-REV	\$32,000,000

Governor/Legislature: Transfer \$16,000,000 annually during the 2013-15 biennium from the petroleum inspection fund to the transportation fund. Increase transportation fund revenues by \$16,000,000 annually to reflect this transfer. This represents a decrease of \$7,000,000 from the \$39,000,000 transferred in the 2011-13 biennium (\$19,500,000 annually). This transfer is in addition to a current law, annual transfer of \$6,258,500 from the petroleum inspection fund to the transportation fund, made by appropriation, which began in 2004-05.

[Act 20 Section: 9238(3)]

7. USE OF REVENUES FROM OTHER FUNDS TO SUPPORT TRANSPORTATION PROGRAMS [LFB Paper 636]

Governor: Under the bill, revenue from the general fund and the petroleum inspection fund would be used to support transportation programs. The table below shows these provisions, separated by ongoing, current law transfers and proposed changes. The proposed changes include: (a) the authorization of \$200,000,000 in general fund-supported bonds for the Zoo Interchange reconstruction project; (b) a transfer of \$23,000,000 from the general fund to the transportation fund (made in 2013-14, according to the Department of Administration); (c) a transfer of \$16,000,000 annually from the petroleum inspection fund; and (d) a decision to fund the mass transit aid program, totaling \$106,478,300, with general fund appropriations instead of transportation fund appropriations, beginning in 2014-15.

	<u>2013-14</u>	<u>2014-15</u>	<u>Biennial Total</u>
Current Law			
<i>General Fund</i>			
0.25% Transfer of General Fund Taxes	\$35,127,000	\$36,302,500	\$71,429,500
<i>Petroleum Inspection Fund</i>			
Ongoing Appropriation Transfer	<u>6,258,500</u>	<u>6,258,500</u>	<u>12,517,000</u>
Subtotal, Current Law Transfers	\$41,385,500	\$42,561,000	\$83,946,500
Bill Changes			
<i>General Fund</i>			
Zoo Interchange Bonding	\$0	\$200,000,000	\$200,000,000
One-Time Revenue Transfer	23,000,000	0	23,000,000
Mass Transit Aid Funding	0	106,478,300	106,478,300
<i>Petroleum Inspection Fund</i>			
One-Time Revenue Transfer	<u>16,000,000</u>	<u>16,000,000</u>	<u>32,000,000</u>
Subtotal, Bill Changes	\$39,000,000	\$322,478,300	\$361,478,300
Total			
General Fund	\$58,127,000	\$342,780,800	\$400,907,800
Petroleum Inspection Fund	<u>22,258,500</u>	<u>22,258,500</u>	<u>44,517,000</u>
Both Funds	\$80,385,500	\$365,039,300	\$445,424,800

Joint Finance/Legislature: Relative to the Governor's bill, the Joint Committee on Finance substitute amendment would increase the use of general fund revenues for transportation purposes by \$12,806,300. This amount reflects the following: (a) the net effect (\$1,064,900) of the elimination of the \$106,478,300 GPR for mass transit and an increase in the one-time general fund revenue transfer of \$107,543,200 (the amount of funding provided in the 2014-15 SEG appropriations for mass transit); (b) a separate increase to the one-time transfer of \$2,750,000; (c) a provision that would transfer an estimated \$9,000,000 from the general fund to the transportation fund to reimburse transportation fund appropriations for claims exceeding \$1,000,000 under the disaster damage aids program; and (d) a reduction of \$8,600 in the current law 0.25% transfer from the general fund resulting from revenue reestimates and tax law changes. The following table shows the total use of other funds for transportation programs under the Joint Finance substitute amendment.

	<u>2013-14</u>	<u>2014-15</u>	<u>Biennial Total</u>
Current Law			
<i>General Fund</i>			
0.25% Transfer of General Fund Taxes	\$35,127,000	\$36,293,900	\$71,420,900
<i>Petroleum Inspection Fund</i>			
Ongoing Appropriation Transfer	<u>6,258,500</u>	<u>6,258,500</u>	<u>12,517,000</u>
Subtotal, Current Law Transfers	\$41,385,500	\$42,552,400	\$83,937,900
Substitute Amendment			
<i>General Fund</i>			
Zoo Interchange Bonding	\$0	\$200,000,000	\$200,000,000
One-Time Revenue Transfer	25,750,000	107,543,200	133,293,200
Road Damage Aid Transfer*	0	9,000,000	9,000,000
<i>Petroleum Inspection Fund</i>			
One-Time Revenue Transfer	<u>16,000,000</u>	<u>16,000,000</u>	<u>32,000,000</u>
Subtotal, Bill Changes	\$41,750,000	\$332,543,200	\$374,293,200
Total			
General Fund	\$60,877,000	\$352,837,100	\$413,714,100
Petroleum Inspection Fund	<u>22,258,500</u>	<u>22,258,500</u>	<u>44,517,000</u>
Both Funds	\$83,135,500	\$375,095,600	\$458,231,100

* Amounts reflect estimated transfer.

8. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE [LFB Paper 635]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	-\$57,667,600	\$2,758,800	-\$54,908,800

Governor: Decrease estimated net transportation fund revenue by \$22,990,400 in 2013-14 and \$34,677,200 in 2014-15 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 2012-13 is estimated at \$202,741,600, an amount that is projected to increase under the bill to \$225,732,000 in 2013-14 and \$237,418,800 in 2014-15.

Joint Finance/Legislature: Increase estimated net transportation fund revenue by \$307,700 in 2013-14 and \$2,451,100 in 2014-15 to reflect an estimated reduction in transportation revenue bond debt service, relative to estimates at the time that the Governor's bill was submitted. Total transportation revenue bond debt service is estimated at \$225,424,300 in 2013-14 and \$234,967,700 in 2014-15.

9. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST WISCONSIN FREEWAY PROJECTS [LFB Paper 635]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$6,065,300	- \$2,213,000	\$3,852,300

Governor: Decrease funding by \$1,345,600 in 2013-14 and increase funding by \$7,410,900 in 2014-15 to reflect a reestimate of debt service on existing transportation fund-supported, general obligation bonds authorized for southeast Wisconsin freeway reconstruction projects. With this reestimate, debt service on these previously-authorized bonds would be \$47,939,100 in 2013-14 and \$56,695,600 in 2014-15. The bill would provide an additional \$107,000,000 in SEG-supported bonds for southeast Wisconsin freeway megaprojects and \$200,000,000 for the Hoan Bridge/Lake Interchange rehabilitation project (serviced from the same debt service appropriation). The increased debt service associated with these additional bonds is reflected in separate entries for those projects.

Joint Finance/Legislature: Reduce funding by \$136,800 in 2013-14 and \$2,076,200 in 2014-15 to reflect reestimated debt service on existing bonds authorized for southeast Wisconsin freeway rehabilitation projects. With this change, total debt service on existing bonds is estimated at \$47,802,300 in 2013-14 and \$54,619,400 in 2014-15.

10. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER PROJECTS [LFB Paper 635]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$3,881,500	\$3,285,600	\$7,167,100

Governor: Increase funding by \$1,382,100 in 2013-14 and \$2,499,400 in 2014-15 to reflect a reestimate of debt service payments on existing transportation fund-supported, general obligation bonds authorized for state highway rehabilitation, major highway development, freight rail, and harbor improvement projects. With this reestimate, debt service on these existing bonds would total \$29,869,400 in 2013-14 and \$30,986,700 in 2014-15. The bill would authorize additional bonds for the freight rail (\$60,000,000) and harbor improvement (\$10,700,000) projects, although under the Department of Administration's debt issuance assumptions, no debt service payments would be made on these new bonds during the 2013-15 biennium.

Joint Finance/Legislature: Reduce funding by \$215,100 in 2013-14 and increase funding by \$3,500,700 in 2014-15 to reflect debt service reestimates. This reestimate reflects the net effect of a correction of a misallocation of debt service between GPR and SEG debt service appropriations in the estimates used for the bill (\$625,000 in 2013-14 and \$5,262,100 in 2014-15) and a reestimate based on modified interest rate assumptions (-\$840,100 in 2013-14 and -\$1,761,400 in 2014-15). With this reestimate, total debt service on these bonds would be \$29,654,300 in 2013-14 and \$34,487,400 in 2014-15.

11. GENERAL FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE [LFB Paper 164]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$4,786,400	-\$5,887,100	-\$10,673,500

Governor: Increase funding by \$15,005,000 in 2013-14 and decrease funding by \$19,791,400 in 2014-15 to reflect a reestimate of debt service payments on existing general fund-supported, general obligation bonds authorized for state highway projects in previous biennia. With this reestimate, total debt service on these bonds would be \$177,301,000 in 2013-14 and \$142,504,600 in 2014-15. Debt service is projected to increase in 2013-14 due to the payment of additional principal deferred from earlier years. Payments would decrease in 2014-15 as older bond issues begin to be retired. The bill would provide an additional \$200,000,000 in general fund-supported bonds for the Zoo Interchange project, but the debt service associated with this bond authorization is reflected in a separate entry for southeast Wisconsin freeway megaprojects.

Joint Finance/Legislature: Reduce funding by \$625,000 in 2013-14 and \$5,262,100 in 2014-15 to reflect a correction of a misallocation of debt service on bonds issued for the Stillwater Bridge project. The bill reflects debt service on previously-authorized bonds for the Stillwater Bridge in the GPR debt service appropriation. However, debt service on these bonds is paid from the transportation fund. This reestimate adjusts the GPR debt service appropriation to reflect this correction. With this change, total debt service on existing bonds is estimated at \$176,676,000 in 2013-14 and \$137,242,500 in 2014-15. The summary item above for the Joint Committee on Finance reestimate of transportation fund-supported, general obligation debt service ("other projects") reflects the additional debt service associated with the Stillwater Bridge bonds.

12. VEHICLE RENTAL CAR FEE -- TREATMENT OF SINGLE-OWNER ENTITIES

Governor/Legislature: Specify that a current law sales and use tax administration provision, which disregards a single-owner entity as a separate entity if the single-owner entity is disregarded as a separate entity for state income tax purposes, would apply to the administration of the following taxes and fees: (a) the food and beverage, room, and vehicle rental car taxes imposed by a local exposition district; and (b) vehicle rental car fees imposed by the state. Specify that this provision would take effect on the first day of the second month after publication of the budget act.

[Act 20 Sections: 1277, 1502, 1503, 1504, and 9437(3)]

Local Transportation Aid

1. MASS TRANSIT OPERATING ASSISTANCE -- CONVERT FUNDING TO GPR
[LFB Paper 640]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$106,478,300	-\$106,478,300	\$0
SEG	<u>-106,478,300</u>	<u>106,478,300</u>	<u>0</u>
Total	\$0	\$0	\$0

Governor: Provide \$106,478,300 GPR in 2014-15 and make a corresponding reduction of \$106,478,300 SEG in 2014-15 to reflect the conversion of DOT's mass transit operating assistance program funding from the transportation fund to the general fund, effective July 1, 2014. Create new, GPR appropriations for each of the tiers of systems to fund the 2014-15 payments. Modify references under DOT's urban mass transit assistance program to reflect the new appropriations. Effective July 1, 2015, repeal the SEG mass transit operating assistance appropriations, statutory references to those appropriations, and statutory references to aid distributions for Tiers A-1 and A-2 for calendar years 2012 and 2013.

Joint Finance/Legislature: Delete provision (a separate bill provision would transfer funding from the general fund to the transportation fund equal to the amounts needed to fund mass transit operating assistance in 2014-15).

2. MASS TRANSIT OPERATING ASSISTANCE -- FUNDING LEVEL [LFB Paper 640]

SEG	\$1,064,900
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Joint Finance/Legislature: Provide \$1,064,900 in 2014-15 to fund a 4% increase in mass transit operating assistance in calendar year 2015, distributed as follows: (a) \$617,300 for Tier

A-1 (Milwaukee); (b) \$162,200 for Tier A-2 (Madison); (c) \$235,500 for Tier B transit systems; and (d) \$49,900 for Tier C transit systems. Set the calendar year distribution amounts for 2015 and thereafter at \$64,193,900 for Tier A-1, \$16,868,000 for Tier A-2, \$24,486,700 for Tier B, and \$5,188,900 for Tier C.

[Act 20 Sections: 1569b, 1571d, 1576, and 1579]

3. MASS TRANSIT OPERATING ASSISTANCE -- ALIGN FUNDING AMONG TIERS TO REFLECT CENSUS CHANGES

Governor/Legislature: Transfer \$69,400 in 2013-14 and \$277,700 in 2014-15 in Tier C transit system funding to Tier B to reflect the transfer of the City of Hartford and City of West Bend shared-ride taxi systems from Tier C to Tier B. Increase the annual mass transit operating assistance distribution amount for Tier B systems from \$23,267,200 to \$23,544,900 for 2014 and thereafter and decrease the annual distribution amount for Tier C systems from \$5,267,000 to \$4,989,300 for 2014 and thereafter to reflect the transfer in funding among the tiers. Maintain the current law calendar year distribution of \$61,724,900 annually for Tier A-1 and \$16,219,200 annually for Tier A-2. Total calendar year funding for mass transit operating assistance would remain at the \$106,478,300 annual level established for 2012 and thereafter under the 2011-13 biennial budget.

Under the mass transit operating assistance program, the state distributes transit aid payments to systems in the following four tiers of systems: (a) Milwaukee County/Transit Plus in Tier A-1; (b) Madison in Tier A-2; (c) the larger bus and shared-ride taxi systems in Tier B; and (d) the smaller bus and shared-ride taxi systems in Tier C. The state tiers of transit systems are established so as to align with the federal transit funding programs, which are based on population as follows: systems serving an urbanized area with populations over 200,000 in population; systems serving an urbanized area with populations between 50,000 and 200,000; and those systems serving urbanized areas of 50,000 or less. The population used in determining to which federal aid program a system belongs is that determined by the most recent federal decennial census. Based on the 2010 decennial census, the City of Hartford and City of West Bend transit systems are now serving a population of 50,000 to 200,000, which results in these systems being in a different federal aid category than the systems were in prior to the new census. This recommendation would transfer these two shared-ride taxi systems, and their corresponding state funding, from Tier C to Tier B, in order to correspond with their new federal aid category.

Modify statutory references to the federal census to refer to the 2010 decennial census rather than the 2000 decennial census. Repeal statutory references relating to aid distributions for all four tiers of systems for calendar years 2010 and 2011.

[Act 20 Sections: 1569b, 1571d, 1574, 1576, 1577, and 1579]

4. PARATRANSIT AIDS

SEG	\$500,000
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Joint Finance/Legislature: Provide \$250,000 annually to provide a 10% increase for paratransit aid. Total funding would be \$2,750,000 annually.

5. EXPAND FLOOD DAMAGE AIDS PROGRAM TO INCLUDE OTHER DISASTERS [LFB Paper 641]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$800,000	\$0	\$800,000
SEG-REV	\$0	\$9,000,000	\$9,000,000

Governor: Rename the flood damage aids program the disaster damage aids program, increase estimated funding by \$400,000 annually from the program's sum sufficient appropriation, and allow the Department to make aid payments for highway damage caused by any disaster. The estimated amount of funding to be expended annually from the sum sufficient appropriation would increase from \$600,000 to \$1,000,000, which reflects recent expenditure levels under the existing program. Specify that the Department may not pay aid under the program in excess of \$1,000,000 in connection with damages resulting from a single disaster, unless the payment is approved by the Governor.

Define disaster as any of the following: (a) a severe storm, flood, fire, tornado, mudslide, or other natural event external to a highway or a catastrophic highway failure; or (b) an event or recurring damage caused by any governmental unit or person acting under the direction or approval of, or permit issued by, any governmental unit in response to a disaster event. Define "catastrophic highway failure" as the sudden failure of a major element or segment of the highway system due to a cause that is external to a highway, but specify that the term does not include any failure primarily attributable to gradual and progressive deterioration or lack of proper maintenance of a highway. Specify that a "governmental unit" would include the state, or any state agency, or any county, city, village, town, or other political subdivision of the state, or the federal government or any of its agencies. Replace the term "flood" with "disaster" in the existing program's appropriation and statutes, renumber the program statutes, and amend cross references to reflect the statutory renumbering.

Clarify that for the purposes of estimating damages and determining aid payments, the Department would be required to determine the cost of the repairs to, or replacement of, a highway facility to the standards that "existed immediately before" the damage or destruction of the facility. Current law requires that the Department consider the standards that "previously existed."

Specify that if a disaster involves an event or recurring damage caused by any governmental unit or person acting under the direction or approval of, or permit issued by, any governmental unit in response to a disaster event, the disaster aid payment would equal 70% of

the cost of repair or replacement of the highway facility to standards similar to those existing immediately before the damage or destruction. No disaster aid payment could be made under such disaster claims for the additional cost incurred to reconstruct the highway facilities to a higher standard. For all other disasters, and similar to the current law provision for flood damages, the disaster aid payment would equal 75% of the cost of repair or replacement of a highway facility to standards similar to those existing immediately before the damage or destruction plus 50% of the increased cost of reconstruction to a higher standard. A separate provision, for cases in which the Department determines the cost of repair or improvement of a highway due to a disaster is \$15,000 or less, would be modified in a similar fashion to establish 75% and 70% payment rates for the two types of claims.

Define "highway" under the modified program to mean all public ways and thoroughfares and bridges on the same that are not on the state trunk highway system. The definition includes: (a) the entire width between the boundary lines of every way open to the use of the public as a matter of right for the purposes of vehicular travel; (b) those roads or driveways in the state, county, or municipal parks and in state forests, which have been opened to the use of the public for the purpose of vehicular travel; and (c) roads or driveways upon the grounds of public schools and institutions under the jurisdiction of the county board of supervisors. The definition does not include private roads or driveways. The current program applies to any public highway, street, alley, or bridge not on the state trunk highway system.

Specify that these provisions would first apply to disasters occurring on July 1, 2011, for disasters relating to an event or recurring damage caused by any governmental unit or person acting under the direction or approval of, or permit issued by, any governmental unit in response to a disaster event. Specify that these provisions would first apply to all other disasters that occur on the effective date of the bill.

The retroactive effective date would allow DOT to make aid payments for damages to highways incurred in response to major storms that occurred in Burnett, Douglas, and Washburn counties on July 1, July 19, and August 1, 2011. The damage occurred as trucks and other equipment used local roads in a timber salvage operation pursuant to Executive Order #40, issued by the Governor on August 23, 2011. Damage estimates are still being finalized, but preliminary figures total about \$14 million. At 70%, this could generate aid payments of \$10 million, provided the Governor approves, since the cost exceeds \$1 million. To the extent that the \$14 million figure includes any costs associated with improving the highway facilities to a higher standard, the \$10 million potential aid payment total would be reduced. Since the appropriation is a sum sufficient, the \$1,000,000 annually estimated in the bill is not limiting. Any aid paid in excess of the bill's estimates would reduce the transportation fund balance.

Joint Finance/Legislature: Prohibit the Department from paying aid under the program in excess of \$1,000,000 in connection with damages resulting from a single disaster, unless the payment is approved by the Governor and the Joint Finance Committee under a 14-day passive review process. In addition, a separate provision (see Miscellaneous Appropriations) would establish a sum sufficient appropriation from the general fund to fund a transfer to the transportation fund in the second year of each biennium equal to the amount of disaster aid payments made in that biennium in excess of \$1 million for any single disaster event. Estimate the transfer at \$9,000,000

GPR in 2014-15, which would increase estimated transportation fund revenue in 2014-15 by the same amount.

Veto by Governor [E-38]: Delete the proposed Joint Committee on Finance approval of claims that exceed \$1,000,000 for a single disaster event.

[Act 20 Sections: 291, 466m, 518m, 1515, 1582 thru 1587m, and 9345(3)]

[Act 20 Vetoed Section: 1587]

6. GENERAL TRANSPORTATION AID FUNDING LEVEL

SEG	\$7,124,300
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Joint Finance/Legislature: Provide a 4% increase in general transportation aids, beginning in calendar year 2015, as follows:

a. *County Aid.* Increase funding by \$946,200 in 2014-15 to provide a total of \$95,561,800 in 2014-15 and set the calendar year distribution at \$98,400,200 for 2015 and thereafter.

b. *Municipal Aid.* Increase funding by \$6,178,100 in 2014-15 to provide a total of \$315,082,400 in 2014-15 and set the calendar year distribution at \$321,260,500 for 2015 and thereafter. Increase the mileage aid rate from the current level of \$2,117 per mile to \$2,202 per mile for 2015 and thereafter.

[Act 20 Sections: 1581q thru 1581u]

7. LOCAL TRANSPORTATION AID INFORMATION SYSTEM

SEG	\$744,600
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Governor/Legislature: Provide \$185,000 in 2013-14 and \$559,600 in 2014-15 for the development and ongoing maintenance of a new information system for calculating local transportation aids and storing local road system data. Of the funding provided in 2014-15, \$407,100 would be one-time financing, while the remaining \$152,500 would remain in the ongoing appropriation base. The new system would replace an existing system, developed in the 1970s, used for calculating general transportation aid payments to local governments, as well as for other local aid programs.

Local Transportation Assistance

1. FREIGHT RAIL PRESERVATION PROGRAM BONDING [LFB Paper 645]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$60,000,000	- \$8,000,000	\$52,000,000

Governor: Authorize \$60,000,000 in transportation fund-supported, general obligation bonds for the freight rail preservation program. The bonds authorized for this program may be used to acquire abandoned railroad lines or make improvements on lines already owned by the state to upgrade them to modern freight rail standards. The amount of bonds authorized would equal the amount provided in the 2009-11 biennium, but would double the amount provided in the 2011-13 biennium. Because of the delay between the approval of projects and the issuance of bonds under this program, the Department of Administration assumes that no debt service payments would be made on these bonds during the 2013-15 biennium. However, based on DOA's bond issuance assumptions for other general obligation bonds, debt service payments would be approximately \$4.8 million annually once the bonds are fully issued.

Joint Finance/Legislature: Reduce bond authorization by \$8,000,000, to provide a total bond authorization of \$52,000,000 for the program.

[Act 20 Section: 487]

2. HARBOR ASSISTANCE PROGRAM BONDING [LFB Paper 646]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$10,700,000	\$5,200,000	\$15,900,000

Governor: Authorize \$10,700,000 in transportation fund-supported, general obligation bonds for the harbor assistance program, to provide the same amount of bonds for harbor improvement grants as was provided in the 2011-13 biennium. Because of the delay between the approval of projects and the issuance of bonds under this program, the Department of Administration assumes that no debt service payments would be made on these bonds during the 2013-15 biennium. However, based on DOA's bond issuance assumptions for other general obligation bonds, debt service payments would be approximately \$0.9 million annually once the bonds are fully issued.

Joint Finance/Legislature: Increase bond authorization by \$5,200,000, to provide a total bond authorization for harbor projects of \$15,900,000. A separate item, summarized below,

would require the Department to make a grant of \$5,200,000 for a dredging project in Door County.

[Act 20 Section: 486]

3. TOWN OF WASHINGTON HARBOR ASSISTANCE GRANT

Joint Finance/Legislature: Require the Department to provide a harbor assistance grant of \$5,200,000 during the 2013-15 biennium to the Town of Washington in Door County for dredging, disposal of dredged material, and related costs associated with the dredging of the West Channel entrance to Detroit Harbor, notwithstanding the eligibility criteria for the harbor assistance program. Specify that the amount of the grant shall be \$5,200,000 or the total cost of the project, whichever is less.

[Act 20 Sections: 301m and 9145(4u)]

4. RACINE COUNTY HARBOR ASSISTANCE PROGRAM GRANT

Joint Finance/Legislature: Require the Department to provide a harbor assistance grant to Racine County in 2013-14 for dredging of a boat marina at the mouth of the Root River, notwithstanding the eligibility criteria for the harbor assistance program. Specify that the amount of the grant shall be \$700,000, or the total cost of the project, whichever is less.

[Act 20 Sections: 301m and 9145(4i)]

5. CREATE TRANSPORTATION ALTERNATIVES PROGRAM AND DELETE RELATED GRANT PROGRAMS [LFB Paper 647]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$0	\$2,000,000	\$2,000,000
FED	- 12,402,300	0	- 12,402,300
SEG-L	<u>- 1,870,900</u>	<u>500,000</u>	<u>- 1,370,900</u>
Total	- \$14,273,200	\$2,500,000	- \$11,773,200

Governor: Decrease funding by \$6,251,600 FED and \$1,682,600 SEG-L annually for the transportation enhancements grant program, by \$3,720,000 FED and \$680,000 SEG-L annually for the bicycle and pedestrian facilities grant program, and by \$3,230,100 FED and \$323,000 SEG-L annually for the safe routes to school grant program, to eliminate base FED and SEG-L (local match) funding for those programs. Delete all statutory references to the three programs and delete other obsolete statutory language related to a one-time grant program for traffic marking enhancements and one-time federal funding for a Milwaukee lakeshore walkway project.

Provide \$6,951,800 FED and \$1,738,000 SEG-L in 2013-14 and \$7,049,300 FED and \$1,762,300 SEG-L in 2014-15 in newly-created, FED and SEG-L appropriations for the transportation alternatives grant program. Create a continuing, SEG appropriation for the transportation alternatives program, with no funding provided in the 2013-15 biennium. Permit the Department to award transportation alternatives program grants to cities, villages, towns, or counties, consistent with federal regulations for the use of federal transportation alternatives funds. Specify that any project for which a grant is awarded must be commenced within four years from the date that the grant is awarded. Specify that, for the purposes of this provision, a planning project is considered commenced when a planning study is begun and an infrastructure project is commenced when construction is begun.

Recent changes to federal transportation law eliminated the federal transportation enhancements and safe routes to schools programs, and incorporated many of the types of projects previously done under these programs into a new, transportation alternatives program. In general, transportation alternatives funds are available to a broader set of activities than were the transportation enhancements and safe routes to school funds. For instance, transportation alternatives funds can be used for: (a) construction of or planning for any nonmotorized forms of transportation (instead of, with transportation enhancements funds, facilities for pedestrians and bicyclists); (b) improvements to achieve compliance with the Americans with Disabilities Act (not previously an allowed use of funds); (c) improvements to provide safe routes for non-drivers (instead of, with safe routes to schools funds, being limited to improvements designed for school pupils); and (d) vegetation management practices in transportation rights-of-way to improve safety and for invasive species and erosion control (not previously an allowed use of funds).

Under the federal program, like the transportation enhancements program, the nonfederal share for the use of funds is 20%. [There was no nonfederal match required for safe routes to school program funds.] The bill would not specify in state law the party responsible for paying for the nonfederal match, although since no state funds would be provided in the 2013-15 biennium, the local project sponsor would be required to pay the match.

The program consolidation under this item would result in a net decrease in federal funding allocated for making local grants of \$6,249,900 in 2013-14 and \$6,152,400 in 2014-15.

Joint Finance/Legislature: Increase funding by \$1,000,000 SEG and \$250,000 SEG-L annually, and specify that amounts in the SEG appropriation for the transportation alternatives program may only be awarded for bicycle and pedestrian projects.

Identify the eligible applicants under the program by reference to the federal code citation for transportation alternatives eligibility, instead of, under the bill, restricting eligible applicants to cities, villages, towns, and counties. Under current federal law, the following entities are eligible, in addition to cities, villages, towns, and counties: (a) regional transportation authorities; (b) transit agencies; (c) natural resource or public lands agencies; (d) school districts, local education agencies, or schools; (e) tribal governments; and (f) any other local or regional governmental entity with responsibility for oversight of transportation or recreational trails (other than a metropolitan planning organization or a state agency) that the state determines to be eligible, consistent with the goals of the program.

Specify that any project for which a grant was awarded under one of the eliminated programs would be eligible to proceed to completion under the transportation alternatives program, if the project proceeds in accordance with the provisions of the program under which the grant for the project was awarded. Transfer any unencumbered funds from the eliminated appropriations to the transportation alternatives appropriations on the effective date of the bill, and specify that the amounts in the schedule for the transportation alternatives SEG appropriation include the amounts transferred under this provision.

Specify that if a project for which a grant was awarded under the discontinued programs is not commenced within four years after the date that the grant was awarded or one year after the effective date of the bill, whichever is later, the project may not proceed and the grant award is rescinded.

[Act 20 Sections: 302, 303 thru 314, 1560 thru 1564, 9145(5v), and 9245(3x)]

6. PASSENGER RAIL SERVICE [LFB Paper 648]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$8,977,400	\$0	-\$8,977,400
SEG	<u>0</u>	<u>- 1,097,600</u>	<u>- 1,097,600</u>
Total	-\$8,977,400	-\$1,097,600	-\$10,075,000

Governor: Reduce funding by \$4,488,700 annually to eliminate base funding in the FED appropriation for passenger rail service. The Department indicates that the base SEG funding of \$7,198,800 for passenger rail service is sufficient to fund anticipated costs for contracting with Amtrak for the state's share of the Hiawatha service between Chicago and Milwaukee in the 2013-15 biennium. Federal funds in the passenger rail service appropriation have been allocated from the state's federal highway aid, which is projected to decrease by \$10,659,600 in 2013-14 and \$10,562,100 in 2014-15 under the bill.

Joint Finance/Legislature: Reduce funding by \$698,800 SEG in 2013-14 and \$398,800 SEG in 2014-15, to reflect a reestimate of Hiawatha contract costs in the 2013-15 biennium.

7. CONGESTION MITIGATION/AIR QUALITY IMPROVEMENT GRANT PROGRAM

FED	- \$900,000
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Joint Finance/Legislature: Reduce funding by \$900,000 FED in 2014-15. The total amount of federal funding allocated for the program would be \$11,619,000 (base level) in 2013-14 and \$10,719,000 in 2014-15.

8. RELOCATION ASSISTANCE FOR CTH LS IN MANITOWOC AND SHEBOYGAN COUNTIES

SEG	\$3,600,000
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Joint Finance: Provide \$3,600,000 in 2013-14 in the appropriation for the discretionary grants component of the local roads improvement program. Require the Department to make a grant from that appropriation to "affected local governments," defined to be Manitowoc County, Sheboygan County, the Village of Cleveland in Manitowoc County, the Town of Centerville in Manitowoc County, the Town of Mosel in Sheboygan County, and the Town of Sheboygan in Sheboygan County, for the relocation of CTH LS to the existing Dairyland Drive in Manitowoc and Sheboygan counties and the construction of access roads to properties along existing CTH LS. Specify that the Department shall make a grant in the 2013-15 biennium to the affected local governments provided that the affected local governments reach a jurisdictional transfer agreement that specifies the following to the satisfaction of the Department: (a) the obliteration of 1.3 miles of the existing CTH LS; (b) the construction of two new, town road cul-de-sacs to provide access to those properties that would lose access to CTH LS; (c) the relocation of CTH LS to Dairyland Drive within termini satisfactory to all parties to the agreement; (d) repairs to the existing CTH LS within the relocated portion of the route to put it in a condition that is agreeable to the parties and is manageable by the municipalities that would assume jurisdiction of the road; (e) improvements to the new CTH LS route necessary to put it in a condition meeting county trunk highway standards; (f) jurisdictional responsibilities for the relocated, newly-constructed, and existing roads; and (g) any other conditions that the Department determines are appropriate. Specify that the grant may not exceed \$4,200,000 or 50% of project costs, whichever is less, and may be made from the discretionary component of the local roads improvement program, notwithstanding current law limitations on the amount and use of aids or eligibility requirements for receiving aids under the program. Specify that the grant shall be made from up to \$3,600,000 provided under this item (unallocated to the discretionary grant statutory distribution) and up to \$600,000 from amounts allocated to county discretionary grants.

Assembly/Legislature: Modify the jurisdictional transfer agreement requirement related to the construction of town road cul-de-sacs to add the option of the construction of a town through-road or other mechanism for providing property access.

[Act 20 Sections: 302m and 9145(7L)]

State Highway Program

1. STATE HIGHWAY IMPROVEMENT PROGRAM SUMMARY

Governor: The following tables compare total funding for state highway improvement programs in 2012-13 with proposed funding for those programs in the 2013-15 biennium. Since the highway improvement program relies on both current revenues (SEG and FED) and bond proceeds to fund program activity, both tables show the 2012-13 SEG and FED appropriation base, plus the amount of bonding that was allocated in each program during 2012-13. The tables

include three types of bonding: (a) general obligation bonds with SEG debt service; (b) general obligation bonds with GPR debt service; and (c) transportation revenue bonds. The first table breaks down the total funding for the improvement programs by current revenues (SEG/FED) and bonding, and shows the proposed change compared to the base year funding doubled, while the second table shows funding for the four individual programs.

Highway Improvement Program Summary

	2012-13 Base Plus Bonding	Governor		Change to Base Plus Bonds Doubled	
		2013-14	2014-15	Amount	%
SEG/FED	\$1,104,995,900	\$1,156,837,000	\$1,084,337,000	\$31,182,200	1.4%
Bonds	<u>278,921,600</u>	<u>509,316,000</u>	<u>402,316,000</u>	<u>353,788,800</u>	63.4
Total	\$1,383,917,500	\$1,666,153,000	\$1,486,653,000	\$384,971,000	13.9%

Highway Improvement Funding Under Governor's 2013-15 Budget

	2012-13 Base Plus Bonding	Governor	
		2013-14	2013-14
State Highway Rehab.			
SEG	\$373,942,600	\$439,323,600	\$414,323,600
FED	401,232,200	376,232,200	401,232,200
Gen. Ob. Bonds (SEG)	<u>49,000,000</u>	<u>0</u>	<u>0</u>
Total	\$824,174,800	\$815,555,800	\$815,555,800
Major Highway Development			
SEG	\$110,671,700	\$87,267,700	\$87,267,700
FED	78,263,500	78,263,500	78,263,500
Trans. Revenue Bonds	159,721,600	202,316,000	202,316,000
Gen. Ob. Bonds (SEG)	<u>23,000,000</u>	<u>0</u>	<u>0</u>
Total	\$371,656,800	\$367,847,200	\$367,847,200
SE Wis. Freeway Megaprojects			
SEG	\$45,832,800	\$44,696,900	\$8,196,900
FED	95,053,100	95,053,100	95,053,100
Gen. Ob. Bonds (SEG)	47,200,000	107,000,000	0
Gen. Ob. Bonds (GPR)	<u>0</u>	<u>0</u>	<u>200,000,000</u>
Total	\$188,085,900	\$246,750,000	\$303,250,000
High-Cost Bridge			
SEG	\$0	\$11,000,000	\$0
FED	0	25,000,000	0
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>200,000,000</u>	<u>0</u>
Total	\$0	\$236,000,000	\$0
Improvement Program Total	\$1,383,917,500	\$1,666,153,000	\$1,486,653,000

Joint Finance/Legislature: The following table shows the total funding for highway improvement programs under the Joint Committee on Finance substitute amendment. Compared to the Governor's bill, the substitute amendment would reduce funding by a total of \$46,850,000

in 2013-14 and \$17,250,000 in 2014-15. In addition, the substitute amendment would create a new program for the installation, replacement, or rehabilitation of intelligent transportation systems (ITS) and traffic signals, funded by transferring \$10,000,000 annually from the state highway rehabilitation program. Under the Governor's bill, ITS and traffic signal costs would be funded from the state highway rehabilitation program, up to a maximum of \$20,000,000 annually.

Joint Finance Substitute Amendment Highway Improvement Program Summary

	2012-13 Base Plus Bonding	Joint Finance/Leg.		Change to Base Plus Bonds Doubled	
		2013-14	2014-15	Amount	%
SEG/FED	\$1,104,995,900	\$1,109,987,000	\$1,067,087,000	-\$32,917,800	-1.5%
Bonds	<u>278,921,600</u>	<u>509,316,000</u>	<u>402,316,000</u>	<u>353,788,800</u>	63.4
Total	\$1,383,917,500	\$1,619,303,000	\$1,469,403,000	\$320,871,000	11.6%

Highway Improvement Funding Under Joint Finance Substitute Amendment

	2012-13 Base Plus Bonding	Joint Finance/Leg.	
		2013-14	2013-14
State Highway Rehab.			
SEG	\$373,942,600	\$415,523,600	\$386,423,600
FED	401,232,200	376,232,200	419,132,200
Gen. Ob. Bonds (SEG)	<u>49,000,000</u>	<u>0</u>	<u>0</u>
Total	\$824,174,800	\$791,755,800	\$805,555,800
ITS and Traffic Signals			
SEG	\$0	\$10,000,000	\$10,000,000
Major Highway Development			
SEG	\$110,671,700	\$79,967,700	\$87,267,700
FED	78,263,500	78,263,500	78,263,500
Trans. Revenue Bonds	159,721,600	202,316,000	202,316,000
Gen. Ob. Bonds (SEG)	<u>23,000,000</u>	<u>0</u>	<u>0</u>
Total	\$371,656,800	\$360,547,200	\$367,847,200
SE Wis. Freeway Megaprojects			
SEG	\$45,832,800	\$28,946,900	\$7,946,900
FED	95,053,100	95,053,100	78,053,100
Gen. Ob. Bonds (SEG)	47,200,000	107,000,000	0
Gen. Ob. Bonds (GPR)	<u>0</u>	<u>0</u>	<u>200,000,000</u>
Total	\$188,085,900	\$231,000,000	\$286,000,000
High-Cost Bridge			
SEG	\$0	\$1,000,000	\$0
FED	0	25,000,000	0
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>200,000,000</u>	<u>0</u>
Total	\$0	\$226,000,000	\$0
Improvement Program Total	\$1,383,917,500	\$1,619,303,000	\$1,469,403,000

2. SOUTHEAST WISCONSIN FREEWAY MEGAPROJECTS -- ZOO INTERCHANGE AND I-94 NORTH-SOUTH [LFB Paper 650]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$1,666,700	\$0	\$1,666,700
SEG	- 34,935,600	- 16,012,700	- 50,948,300
FED	0	-17,000,000	-17,000,000
BR	<u>307,000,000</u>	<u>0</u>	<u>307,000,000</u>
Total	\$273,731,100	- \$33,012,700	\$240,718,400

Governor: Authorize \$200,000,000 in general fund-supported, general obligation bonds for southeast Wisconsin freeway megaprojects and authorize \$107,000,000 in transportation fund-supported, general obligation bonds for the Zoo Interchange and I-94 North-South freeway projects. Decrease base funding by \$1,076,300 SEG in 2013-14 and \$37,576,300 SEG in 2014-15 in the southeast Wisconsin freeway megaprojects appropriation, amounts that would be reallocated within the transportation budget. Increase funding by \$1,666,700 GPR and \$3,717,000 SEG in 2014-15 to reflect estimated debt service payments on the bonds, based upon the Department of Administration's bond issuance assumptions for the Zoo Interchange and North-South freeway projects. Once fully issued, annual debt service payments would be \$16.0 million GPR and \$8.5 million SEG under DOA's issuance assumptions.

Although the authorized bonds could be used on either of the two megaprojects, DOT indicates that the \$200,000,000 in general fund-supported bonds and \$102,000,000 of the transportation fund-supported bonds would be used for the Zoo Interchange and the remaining \$5,000,000 in transportation fund-supported bonds would be used for the North-South freeway project. The following table shows the Department's proposed allocation of total funding, by year and fund source, for the two projects during the 2013-15 biennium.

	<u>2013-14</u>	<u>2014-15</u>	<u>Biennial Total</u>
Zoo Interchange			
SEG	\$7,946,900	\$7,946,900	\$15,893,800
FED	90,053,100	92,053,100	182,106,200
GPR Bonds	0	200,000,000	200,000,000
SEG Bonds	<u>102,000,000</u>	<u>0</u>	<u>102,000,000</u>
Total	\$200,000,000	\$300,000,000	\$500,000,000
North-South Freeway			
SEG	\$36,750,000	\$250,000	\$37,000,000
FED	5,000,000	3,000,000	8,000,000
SEG Bonds	<u>5,000,000</u>	<u>0</u>	<u>5,000,000</u>
Total	\$46,750,000	\$3,250,000	\$50,000,000
Program Total	\$246,750,000	\$303,250,000	\$550,000,000

The \$500 million proposed for the Zoo Interchange in the 2013-15 biennium would be \$150 million less than the \$650 million that the Department had previously planned, according to

the Department's 2012 financial plan for the project (submitted to the Federal Highway Administration in August, 2012). The Department indicates that the funding schedule would be revised, primarily by changing timing of contracts on the core of the interchange, but that the scheduled 2018 completion date for the project would not be affected if sufficient funding is provided in future biennia. During the biennium, work would proceed on the first phase of the interchange core, as well as on the Watertown Plank Interchange and several bridges over the freeways.

The \$50 million proposed for the North-South freeway would be \$35 million less than the \$85 million that the Department had previously planned to allocate to the project in the 2013-15 biennium. With the proposed funding, the Department indicates that work will proceed on the STH 20 Interchange in Racine County and the Ryan Road Interchange in Milwaukee County. Work that had been planned on several frontage roads would be postponed until future biennia. Provided sufficient funding is provided in future biennia to complete the delayed work, the project could be completed, as scheduled, in 2021.

Joint Finance/Legislature: Make the following funding adjustments: (a) for the Zoo Interchange, reduce funding by \$14,000,000 FED in 2014-15 to delay a portion of the reconstruction of the core of the interchange; (b) for the I-94 North-South freeway project, reduce funding by \$15,750,000 SEG in 2013-14 and \$250,000 SEG and \$3,000,000 FED in 2014-15 to delay work on the Ryan Road Interchange; and (c) reduce funding by \$12,700 SEG in 2014-15 to reflect a reestimate of debt service on the transportation fund-supported bonds authorized for the projects. DOT indicates that the funding reductions would not delay the final completion date for either project provided that additional funding is added in future biennia.

[Act 20 Sections: 333, 484, 485, 1536, and 1558]

3. HIGH-COST BRIDGE PROGRAM -- HOAN BRIDGE AND LAKE INTERCHANGE PROJECT [LFB Paper 651]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$17,947,600	- \$11,089,200	\$6,858,400
FED	25,000,000	0	25,000,000
BR	<u>200,000,000</u>	<u>0</u>	<u>200,000,000</u>
Total	\$242,947,600	- \$11,089,200	\$231,858,400

Governor: Provide \$25,000,000 FED and \$11,000,000 SEG in 2013-14 in the appropriations for the high-cost bridge program for the rehabilitation of the Hoan Bridge and the adjoining I-794 Lake Interchange in eastern Milwaukee County. Authorize \$200,000,000 in transportation fund-supported, general obligation bonds for the project to provide a total of \$236,000,000 over the biennium. Provide \$6,947,600 SEG in 2014-15 to reflect estimated debt service payments on the bonds. Under the Department of Administration's debt issuance assumptions, annual debt service payments on the bonds would be approximately \$15.9 million once the bonds are fully issued.

Joint Finance/Legislature: Reduce funding for the high-cost bridge program by \$10,000,000 SEG in 2013-14 to provide a total of \$226,000,000 for the Hoan Bridge project. Specify that, during the 2013-15 biennium, the Department may use the state highway rehabilitation, major highway development, or southeast Wisconsin freeway megaprojects programs for any costs of the Hoan bridge project, including approaches, that exceed \$226,000,000. Prohibit the Department from spending more than \$10,000,000 from those appropriations in the 2013-15 biennium unless the Joint Committee on Finance approves a request under s. 13.10 of the statutes to exceed that limit. Reduce funding by \$1,089,200 SEG in 2014-15 to reflect a reestimate of debt service on the bonds authorized for the project.

[Act 20 Sections: 334, 484, 1537 thru 1537h, and 1558]

4. STATE HIGHWAY REHABILITATION FUNDING

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$105,900,800	- \$31,700,000	\$74,200,800
FED	<u>- 25,000,000</u>	<u>17,900,000</u>	<u>- 7,100,000</u>
Total	\$80,900,800	- \$13,800,000	\$67,100,800

Governor: Increase funding by \$65,450,400 SEG in 2013-14 and \$40,450,400 SEG in 2014-15 and decrease funding by \$25,000,000 FED in 2013-14 for the state highway rehabilitation program. Relative to the 2012-13 SEG and FED base, total funding for the program would be increased by \$40,450,400 annually. However, since total funding for the program in 2012-13 includes \$49,000,000 in transportation fund-supported, general obligation bonding, and the bill would not authorize new bonding to continue the use of these bonds for the program, the proposed funding would be lower in both years of the biennium than the actual level of funding available in 2012-13. Relative to the SEG and FED base with bonds included, this item would decrease funding by \$8,549,600 annually, or by 1.0%.

The following table shows the total funding for the program under the bill, including the impact of this item and standard budget adjustments (-\$69,400 SEG annually), relative to the 2012-13 appropriation base, plus the transportation fund-supported, general obligation bonds.

<u>Fund</u>	<u>2012-13 Base Plus Bonding</u>	<u>Governor</u>	
		<u>2013-14</u>	<u>2014-15</u>
SEG	\$373,942,600	\$439,323,600	\$414,323,600
FED	401,232,200	376,232,200	401,232,200
SEG-Supported Bonds	<u>49,000,000</u>	<u>0</u>	<u>0</u>
Total	\$824,174,800	\$815,555,800	\$815,555,800

Joint Finance/Legislature: Reduce funding by \$13,800,000 SEG in 2013-14 and \$17,900,000 SEG in 2014-15 and increase funding by \$17,900,000 FED in 2014-15. The funding changes in 2014-15 would reallocate FED funds associated with reductions made to the

southeast Wisconsin freeway megaprojects (-\$17,000,000) and congestion mitigation/air quality improvement (-\$900,000) appropriations to this program, allowing a corresponding SEG reduction to be made without changing total funding for this program in that year. The program would also be affected, under the Joint Committee on Finance substitute amendment, by an item, summarized below, that would transfer \$10,000,000 annually from the SEG appropriation to a newly-created appropriation for the installation, replacement, and rehabilitation of intelligent transportation systems and traffic signals. Under the Governor's bill, these items could have been funded from the state highway rehabilitation program as stand-alone projects, up to an annual limit of \$20 million.

5. MAJOR HIGHWAY DEVELOPMENT FUNDING [LFB Paper 652]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- \$46,771,400	- \$7,300,000	- \$54,071,400
SEG-S	<u>85,188,800</u>	<u>0</u>	<u>85,188,800</u>
Total	\$38,417,400	- \$7,300,000	\$31,117,400

Governor: Decrease funding by \$23,385,700 SEG annually and increase funding by \$42,594,400 SEG-S (transportation revenue bonds) annually for the major highway development program. Relative to the 2012-13 SEG, SEG-S, and FED appropriation base, this item would increase funding by \$19,208,700 annually. However, since total funding for the program in 2012-13 includes \$23,000,000 in transportation fund-supported, general obligation bonding, and the bill would not authorize new bonding to continue the use of these bonds for the program, the proposed funding would be lower in both years of the biennium than the actual level of funding available in 2012-13. Relative to the SEG, SEG-S, and FED base with general obligation bonds included, this item would decrease funding by \$3,791,300 annually, or by 1.0%.

The following table shows the total funding for the program under the bill, including the impact of this item and standard budget adjustments (-\$18,300 SEG annually), relative to the 2012-13 appropriation base, plus the transportation fund-supported, general obligation bonds.

<u>Fund</u>	<u>2012-13 Base Plus Bonding</u>	<u>Governor</u>	
		<u>2013-14</u>	<u>2014-15</u>
SEG	\$110,671,700	\$87,267,700	\$87,267,700
SEG-S	159,721,600	202,316,000	202,316,000
FED	78,263,500	78,263,500	78,263,500
SEG-Supported Bonds	<u>23,000,000</u>	<u>0</u>	<u>0</u>
Total	\$371,656,800	\$367,847,200	\$367,847,200

Joint Finance/Legislature: Reduce funding by \$7,300,000 SEG in 2013-14. With this reduction, funding would be reduced, relative to the 2012-13 funding level, by 3.0% in 2013-14.

6. I-94 EAST-WEST FREEWAY CORRIDOR PROJECT -- DESIGN ENGINEERING FUNDING [LFB Paper 653]

Governor/Legislature: Permit the Department, notwithstanding statutory restrictions on the expenditure of funds in the major highway development and southeast Wisconsin freeway megaprojects programs, to encumber or expend funds from the SEG appropriation for major highway development for preliminary engineering and design work associated with the I-94 reconstruction project between 70th Street and 25th Street in Milwaukee County as follows: (a) in 2013-14, if a federal record of decision (final federal approval of environmental documents) is issued during that fiscal year; and (b) in 2014-15, if a record of decision is issued anytime during the 2013-15 biennium. Delete this authorization on July 1, 2015. The Department is currently conducting an environmental study on this project using funds from the major highway development program. However, if the cost estimate for the project exceeds \$535 million (an amount that is adjusted annually according to a construction cost inflation index) then it would fall under the statutory definition of a southeast Wisconsin freeway megaproject. The cost of the project will depend, in part, on the preferred alternative that is selected as the result of the environmental process, which is expected to be completed in 2014. This item would permit the Department to proceed with design engineering using funds from the SEG appropriation for the major highway development program during the 2013-15 biennium, regardless of the final cost estimate for the project. If the final cost estimate exceeds the \$535 million threshold, additional design engineering after July 1, 2015, and construction would have to be funded through the southeast Wisconsin freeway megaprojects appropriations. DOT could also not proceed with the project unless it is enumerated in the statutes as a megaproject. If the cost is less than this amount, the project would be funded through the major highway development program. Enumeration would not be required in this case, but DOT would need to obtain the approval of the Transportation Projects Commission to proceed with construction. The Department indicates that the initial contract for design engineering for the project is expected to be \$15 million to \$20 million.

[Act 20 Sections: 317, 318, 9145(3), and 9445(3)]

7. I-94 LANE CAPACITY RESTRICTION [LFB Paper 653]

Governor/Legislature: Delete a current law provision that prohibits the Department from adding any lanes for vehicular traffic to I-94 adjacent to the Wood National Cemetery between Hawley Road and the Stadium Interchange, in Milwaukee County. The Department indicates that this statutory modification is necessary "in order to avoid design and construction limitations that may prevent the Department from executing its obligations as to safe and efficient highway design and construction." Another statutory provision, which would again take effect for the Wood National Cemetery section if the current restriction is repealed, requires the Department to design the reconstruction of I-94 in Milwaukee and Waukesha counties to allow for capacity expansion to meet projected traffic capacity needs for 25 years following the completion of such reconstruction. The Department began an environmental study in 2012 of the I-94 East-West freeway between 70th Street and 25th Street, a segment that incorporates the Wood National Cemetery section.

[Act 20 Section: 1535]

8. TRANSPORTATION PROJECTS COMMISSION REVIEW OF ENUMERATED PROJECTS [LFB Paper 654]

Governor: Require the Transportation Projects Commission (TPC) to examine each enumerated major highway project on which no construction has been performed to determine if the project is appropriate for removal from the list of enumerated major highway projects. Require the Commission to present a recommendation to the Legislature by January 1, 2016, specifying any projects that are appropriate for removal from the list of enumerated projects. The table below shows the major highway projects that have had no construction expenditures as of the Department's February, 2013, major highway program financial status report. The remaining cost (in millions of dollars) is shown in the final column. Except for the Beloit Bypass project, which was enumerated in 1993, all other projects in the table were enumerated or approved during 2011. The Verona Road/Madison Beltline project is not individually enumerated in the statutes, but, instead, was approved by the TPC as a major highway project under a procedure for the review of high-cost rehabilitation projects that do not otherwise meet the capacity expansion thresholds for major highway projects.

<u>Project Segment</u>	<u>Highway</u>	<u>County</u>	<u>Cost</u>
Winnebago CTH CB to Oneida Street	10/441	Calumet & Winnebago	\$405.3
STH 76 to New London	15	Outagamie	118.9
Verona Road/Madison Beltline	18/151	Dane	171.9
Racine CTH K to Oakwood Road	38	Milwaukee & Racine	124.3
Illinois State Line to USH 12/18	39/90	Dane & Rock	822.6
Beloit Bypass	81/213	Rock	9.3

Joint Finance/Legislature: Delete provision.

9. DELETE ENUMERATION OF COMPLETED MAJOR HIGHWAY DEVELOPMENT PROJECTS

Governor/Legislature: Delete 14 projects from the list of enumerated major highway development projects, for which construction has been completed. Delete other statutory language related to completion deadlines for completed projects.

[Act 20 Sections: 1519 thru 1534]

10. HIGHWAY PROGRAM ENGINEERING POSITIONS [LFB Paper 655]

	Funding	Positions
SEG	\$0	180.00

Governor/Legislature: Provide 180 positions annually to increase the number of Department highway engineers and related technical positions. Transfer \$11,741,500 in 2013-14 and \$15,655,300 in 2014-15 from the state highway rehabilitation budget line for engineering consultant services to the delivery budget line for the highway improvement program to fund the salary, fringe benefit, and supplies costs associated with the new positions. The Department indicates that new Department staff would replace work currently being done by engineering

consultants. Of the 180 positions, 145 would be placed in the Department's regional offices, while 35 would provide technical assistance in the Department's central office. The Department cites the need to increase the depth and range of state staff engineering expertise and a desire to reduce highway delivery costs as the primary reasons for replacing engineering consulting services with state staff.

11. ENGINEERING CONSULTANT SERVICES AUDIT

Joint Finance/Legislature: Request the Joint Legislative Audit Committee to direct the Legislative Audit Bureau to conduct an analysis of the processes used by the Department for the selection of consultants for transportation engineering services, the oversight of consultant work, and the payment of consultants for services.

[Act 20 Section: 9127(2q)]

12. COST-BENEFIT ANALYSIS FOR CONSULTING SERVICES FOR TRANSPORTATION PROJECTS

Joint Finance: Delete a current law requirement that the Department perform a cost-benefit analysis for each proposed engagement for engineering services with an estimated cost of more than \$25,000 and the requirement that the Department review periodically, and before any renewal, the continued appropriateness of entering into such contracts.

Assembly/Legislature: Delete provision. Instead, increase the cost threshold for these requirements from \$25,000 to \$300,000.

[Act 20 Section: 1515m]

13. HIGHWAY PROJECT DESIGN INVENTORY REQUIREMENT [LFB Paper 656]

Governor: Reduce the statutory inventory of completed highway project designs in the state highway rehabilitation and major highway development programs that the Department must maintain, such that the estimated cost of projects with completed designs would be at least 20% of the annual funding in each program instead of, under current law, at least 65% of the annual funding in each program. The inventory requirement, which was created in the 2009-11 biennial budget, requires the Department to meet the 65% threshold by July 1, 2014, and maintain that level continuously thereafter. The Department indicates that the proposed reduction to the design inventory threshold would allow funding that would otherwise be used for completing highway designs to be used instead on highway construction projects. The Department estimates that an additional \$50 million to \$70 million would be spent on construction projects over a two- to three-year period as the Department draws down the existing inventory of completed designs.

Joint Finance/Legislature: Change the required design inventory threshold to 30%.

[Act 20 Section: 1517]

14. STATE HIGHWAY MAINTENANCE -- ROUTINE MAINTENANCE FUNDING AND PROGRAM RESTRUCTURING [LFB Paper 657]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$55,000,000	-\$2,500,000	\$52,500,000

Governor: Transfer \$120,000,000 annually from the SEG appropriation for state highway maintenance and traffic operations to a newly-created, continuing SEG appropriation for routine maintenance done under contract with the Department. Create FED and SEG-L routine maintenance appropriations, for the expenditure of any funds received from federal or local sources for routine maintenance (no funding would be provided in these appropriations, but their creation would allow for expenditure of these funds, if received). Provide an additional \$5,000,000 SEG in 2013-14 and \$50,000,000 SEG in 2014-15 for the new, routine maintenance appropriation to provide total funding of \$125,000,000 SEG in 2013-14 and \$170,000,000 SEG in 2014-15. The \$120,000,000 transferred to the new appropriation is equal to the amount that the Department had budgeted in 2012-13 for contracts with counties for maintenance on state highways.

Change the title of the existing SEG, FED, and SEG-L appropriations for state highway maintenance, repair, and traffic operations to "highway system management and operations" and modify the purpose to exclude routine maintenance done by contract with counties or municipalities. Delete a prohibition in these appropriations against using appropriation funds for special maintenance on roadside improvements. Funding for the non-routine maintenance activities, including emergency repairs, traffic operations, salt purchases, and the administrative costs of the Department's Bureau of Highway Maintenance, Bureau of Traffic Operations, and Bureau of Structures, would remain in the existing, renamed SEG appropriation. With the transfer of \$120,000,000 annually to the new, routine maintenance appropriation, remaining funding in the highway system management and operations appropriation (including the effect of -\$225,500 SEG annually in standard budget adjustments) would be \$82,881,000 SEG annually.

Joint Finance/Legislature: Reduce funding by \$2,500,000 in 2013-14, to provide total increases of \$2,500,000 in 2013-14 and \$50,000,000 in 2014-15.

[Act 20 Sections: 325, 326, and 327 thru 330]

15. TRAFFIC SIGNAL AND INTELLIGENT TRANSPORTATION SYSTEM INSTALLATION, REPLACEMENT, AND REHABILITATION [LFB Paper 657]

Governor: Modify statutory provisions for the SEG appropriations for state highway rehabilitation, southeast Wisconsin freeway rehabilitation, and southeast Wisconsin freeway megaprojects and the FED appropriations for southeast Wisconsin freeway rehabilitation and southeast Wisconsin freeway megaprojects to eliminate a prohibition against using those appropriations to fund the stand-alone installation, replacement, or rehabilitation of traffic

signals and intelligent transportation systems. Under current law, the use of these appropriations for stand-alone projects is not allowed, but they may be used if the installation, replacement, or rehabilitation is incidental to a larger rehabilitation project. The bill would continue to prohibit the use of these appropriations for the stand-alone maintenance of traffic signals and intelligent transportation systems. An intelligent transportation system is defined, under current law, as a specialized computer system or other electronic, information processing, communication, or technical system, including roadway detector loops, closed circuit television, permanent variable message signs, or ramp meters, that is used to improve the efficiency or safety of a surface transportation system. Prohibit DOT from encumbering or expending more than a total of \$20,000,000 in any fiscal year from the SEG appropriations for state highway rehabilitation, southeast Wisconsin freeway rehabilitation, and southeast Wisconsin freeway megaprojects for stand-alone projects involving the installation, replacement, or rehabilitation of traffic signals and intelligent transportation systems. The Executive Budget Book indicates that the limit on these appropriations would be \$25 million, but the Department of Administration indicates that the \$20 million figure in the bill correctly reflects the intent.

Modify the SEG, FED, and SEG-L appropriations for highway maintenance, repair, and traffic operations (renamed "highway system management and operations" under a separate item) to remove the installation, replacement, and rehabilitation of traffic signals and intelligent transportation systems as an explicit purpose for which those appropriations may be used, but retain the maintenance of traffic signals and intelligent transportation systems as an explicit purpose. Modify a statutory provisions that describes maintenance activities to remove the installation, replacement, and rehabilitation of traffic signals and intelligent transportation systems from the list of activities, but retain the maintenance of traffic signals and intelligent transportation systems in this list.

Joint Finance/Legislature: Delete all provisions, except for the provision that removes stand-alone intelligent transportation system and traffic signal installation, replacement, and rehabilitation projects from the list of maintenance activities (related to a separate item, summarized below, concerning the definitions of highway improvement and highway maintenance). Instead, transfer \$10,000,000 annually from the SEG appropriation for state highway rehabilitation to a newly-created, continuing appropriation for installation, replacement, or rehabilitation of traffic signals and intelligent transportation systems. Create SEG-L and FED appropriations for this purpose. Specify that the stand-alone installation, replacement, or rehabilitation of traffic signals and intelligent transportation systems must be funded only from these appropriations or from the appropriations for highway system management and operations. Specify that no funds may be expended from the newly-created appropriations after June 30, 2019. Require the Department to prepare a report on the expenditures from these appropriations and on any other pertinent information related to traffic signals and intelligent transportation systems, by September 1, 2014, and annually thereafter until September 1, 2019, and specify that the report must be delivered to the standing committees of the Legislature with jurisdiction over transportation matters.

[Act 20 Sections: 326g, 326m, 327, 330d, 1539, 1542m, and 1543]

16. STATE HIGHWAY MAINTENANCE -- DEFINITION OF HIGHWAY IMPROVEMENT AND ROUTINE MAINTENANCE

Governor/Legislature: Modify the statutory definition of "improvement" or "highway improvement" to specify that it includes highway operations or activities that are life-cycle or investment driven and that are based on an asset management philosophy in which taking action adds service life by preventing or delaying deterioration of highway system functionality. Modify a statutory provision describing highway maintenance activities to: (a) eliminate, from the list of activities, "special maintenance," which is described as including the restoration, reinforcement, complete repair or other activities which the Department deems are necessary on an individual basis for specified portions of the state trunk system; (b) eliminate the term "general maintenance" (as distinguished from "special maintenance") and replace the term with "routine maintenance" or "maintenance"; and (c) clarify that routine maintenance refers to "regular" preservation activities.

The statutory definitions of highway improvement and highway maintenance determine the types of activities that may be funded from the state highway rehabilitation appropriations (for highway improvements) and state highway maintenance appropriations (for highway maintenance).

[Act 20 Sections: 319 thru 322, 325, 327, 329, 1539 thru 1541, 1543, and 1545]

17. STATE HIGHWAY MAINTENANCE -- ALTERNATIVE PAYMENT ARRANGEMENTS UNDER COUNTY AND MUNICIPAL CONTRACTS

Governor/Legislature: Specify that the Department may enter into an agreement with counties and municipalities for the maintenance of state highways within or beyond the limits of the county or municipality under which the payment method and terms differ from a current law requirement that such payments be based on the county's or municipality's actual costs. Specify that such alternative arrangements may be based on a contract price for maintenance services.

[Act 20 Sections: 1545 and 1546]

18. SPONSORSHIP AND PARTNERSHIP AGREEMENTS [LFB Paper 658]

Governor: Permit the Department to enter into sponsorship agreements with a public or private entity, under which the Department displays advertising, promotional or sponsorship material, or other information associated with the sponsor at locations owned or controlled by the Department in exchange for the sponsor's payment of fees or provision of services to the Department. Specify that current law restrictions on the placement of signs and on advertising in the highway right-of-way do not apply to activities conducted under such agreements.

Permit the Department to enter into partnership agreements with a public or private entity under which the Department authorizes a partner to engage in commercial activity at locations owned or controlled by the Department in exchange for the partner's payment of fees or provision of services to the Department. Specify that current law restrictions on the conduct of

commercial enterprise within the right-of-way of controlled access highways do not apply to activities conducted under such agreements.

Specify that services provided by sponsors or partners may include maintenance activities, in accordance with Department standards. Deposit all fees collected under sponsorship and partnership agreements in a newly-created, PR appropriation for supplementing highway maintenance program appropriations.

Establish the following provisions regarding sponsorship and partnership agreements: (a) for each agreement, the contract shall be awarded on the basis of competitive proposals in accordance with procedures established by the Department; (b) requests for proposals shall be advertised in the manner determined by the Department; (c) each contract shall be awarded to the partner or sponsor submitting the most advantageous competitive proposal, as determined by the Department; (d) the Department may reject all proposals if the most advantageous proposal is determined by the Department to be less than the estimated reasonable value to the Department or not in the public interest; (e) the DOT Secretary shall enter into each contract on behalf of the state; and (f) sponsorship and partnership contracts would be generally exempt from state purchasing contract provisions, but would be subject to requirements related to: (i) interest on late payments; (ii) procurement from work centers for handicapped individuals; (iii) notification of the Government Accountability Board regarding solicitations; and (iv) preference for American-made materials.

Joint Finance/Legislature: Delete the authority for the Department to enter into partnership agreements. Specify that sponsorship agreements may include sponsor recognition placed on such property of the Department as documents, highway maps, websites, vehicles, and equipment owned or controlled by the Department.

[Act 20 Sections: 324, 518, 1518, 1543, 1544, 1555, and 1556]

19. SURVEYING REFERENCE STATION SYSTEM PROGRAM REVENUE APPROPRIATION

PR	\$470,000
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Governor/Legislature: Provide \$470,000 in 2014-15 in a newly-created, PR continuing appropriation for the maintenance and operation of the Department's surveying reference station system. Require the Department to administer a surveying reference station system consisting of: (a) a passive system consisting of a network of monuments located throughout the state that are used to generate latitude, longitude, and elevation data; and (b) an active surveying reference system consisting of reference stations statewide that continuously transmit global positioning system data to a system server, and the server that receives and processes the data received from the reference stations. Authorize the Department to charge system users a fee for access to the system, in an amount established by rule, and allow DOT to spend all moneys received from such fees (the \$470,000 provided under this item is an estimate of fee revenues). The Department began establishing the survey reference system in 2002 using federal funds, and is expected to complete the system in 2015. The system would be used by governmental and private entities for a variety of engineering and other applications. In its budget request, the

Department indicated that the fee would be approximately \$525 per user, with a maximum charge of \$2,100 for any one entity.

[Act 20 Sections: 331, 517, and 1581]

20. STATE HIGHWAY MAP PRINTING

Governor/Legislature: Delete a provision that restricts the Department to publishing folded highway maps in only one year of each biennium. Modify statutory provisions related to the production of highway maps to: (a) permit the Department to charge a fee for the use of map data, instead of, under current law, permitting the Department to share the data "in consideration of a fair fee;" and (b) modify language to reflect current printing technology. The Department indicates that more frequent printing of the folded highway maps would allow for more frequent updates to the map content, as well as allow the Department to more closely match the supply of maps to the demand.

[Act 20 Section: 1538]

21. COMMUNITY SENSITIVE SOLUTIONS POLICY [LFB Paper 659]

Joint Finance/Legislature: Prohibit the Department from expending more than 1.5% of the project costs of any highway improvement project on elements that the Department determines are primarily related to the aesthetic preferences of communities adjacent to the project, generally known as community sensitive solutions, unless the expenditures in excess of 1.5% of project costs are reimbursed by another party. Specify that this provision does not apply in either of the following cases: (a) the elements are included in a federal record of decision or other federal project approval issued prior to the effective date of the bill; or (b) the inclusion of such elements is required to receive approval for the use of federal funds on the project.

[Act 20 Section: 1559w]

22. RELOCATION OF OUTDOOR ADVERTISING SIGNS

Joint Finance/Legislature: Modify current law provisions related to outdoor advertising signs that are classified as "nonconforming" with respect to a local ordinance and that are proposed by DOT to be "realigned" as the result of a highway project, as follows: (a) eliminate the term "realignment" (meaning the relocation of the sign on the same site) and replace it with the term "relocation," defined as the dismantling and moving of a sign to a new location within the same municipality or the removal of a sign and erection of a replacement sign, constructed of new materials, at a new location within the same municipality; (b) specify that the owner of a nonconforming sign that would be affected by a highway project may elect to relocate a sign within the municipality whenever the Department proposes relocation or condemnation; (c) define the term "municipality" for the purpose of this provision, as a city, village, or town; and (d) specify that the relocation of a nonconforming sign (instead of, under current law, sign realignment) does not affect the sign's nonconforming status.

Specify that if a highway project causes the relocation of a nonconforming sign, all of the following apply with respect to the relocation: (a) the size of the sign face and the number of sign faces on the sign after relocation shall be the same as prior to relocation; (b) the height of the sign, as measured from road-grade level of the highway from which motorists are intended to view the sign, after relocation shall be equal to or greater than prior to relocation; and (c) the new location for the sign shall meet all requirements for a sign permit, to the extent the Department issues permits for signs. Specify that these provisions first apply to signs relocated on the 30th day after the effective date of the bill.

Under current law, if the Department acquires property as the result of a highway project and a nonconforming outdoor advertising sign is situated on that property, the sign can be realigned on the same site without affecting the sign's nonconforming status (meaning that the sign can remain at that location). If the municipality in which the sign is located does not want the sign to be realigned, it can petition the Department to have the sign condemned, and the local government must reimburse the Department for the cost of the condemnation award, minus the relocation costs that the Department would have paid if it were realigned. This provision would change current law by specifying that: (a) a sign, under these circumstances, could be moved to any location within the same municipality, instead of being restricted to the same site; and (b) the owner of the sign, rather than the Department, would decide whether the sign should be relocated or condemned. The provision would also establish certain standards for the sign relocation.

Veto by Governor [D-26]: Delete provision.

[Act 20 Vetoed Sections: 1556m thru 1556t, 9345(7c), and 9445(7c)]

23. DEFINITION OF FOOD ESTABLISHMENT FOR SPECIFIC INFORMATION SIGN ELIGIBILITY

Joint Finance/Legislature: Specify that, for the purposes of determining eligibility for the "food" category under the specific information sign program, bakery items produced by the seller shall be included among the types of food that are counted towards the 50% minimum of food sales that an establishment must have to qualify for placement of a sign.

[Act 20 Section: 1581m]

24. USH 151 INTERCHANGE AND BRIDGE IN FOND DU LAC COUNTY

Joint Finance/Legislature: Require the Department to begin construction no later than December 31, 2015, on the following two projects: (a) a grade-separated interchange at Fond du Lac CTH V and USH 151; and (b) a grade-separated crossing of Fond du Lac CTH T over USH 151.

[Act 20 Section: 1534f]

25. ENVIRONMENTAL IMPACT STATEMENT FOR EAST ARTERIAL HIGHWAY AND BRIDGE IN WOOD COUNTY

Joint Finance/Legislature: Require the Department to begin an environmental impact statement (EIS) in the 2013-15 biennium for a major highway project involving a proposed east arterial highway running from the intersection of STH 54 and STH 73 in the Village of Port Edwards to the intersection of STH 54 and Wood County CTH W in the City of Wisconsin Rapids, including a new crossing of the Wisconsin River. Specify that the current law requirement that the Transportation Projects Commission provide prior approval of an EIS does not apply to this study.

Veto by Governor [E-39]: Delete provision.

[Act 20 Vetoed Section: 1534g]

26. ENVIRONMENTAL IMPACT STATEMENT FOR USH 12 IN WALWORTH COUNTY

Joint Finance/Legislature: Require the Department to begin an environmental impact statement (EIS) in the 2013-15 biennium for a proposed major highway project on USH 12 from the City of Elkhorn to the City of Whitewater in Walworth County. Specify that the current law requirement that the Transportation Projects Commission provide prior approval of an EIS does not apply to this study.

[Act 20 Section: 1534h]

27. STH 57 DIRECTIONAL SIGNS FOR SHRINE OF OUR LADY OF GOOD HELP

Joint Finance/Legislature: Require the Department to erect two directional signs in the 2013-15 biennium along STH 57 in Brown County for the Shrine of Our Lady of Good Help, notwithstanding current statutory authority or administrative rule restrictions on the placement of signs. Specify that one sign shall be visible from the northbound lanes of STH 57 and shall be placed near the intersection of STH 57 and CTH K and the other sign shall be visible from the southbound lanes of STH 57 and shall be placed near the intersection of STH 57 and CTH P.

Veto by Governor [D-27]: Delete provision.

[Act 20 Vetoed Section: 9145(9w)]

28. GOVERNOR PATRICK LUCEY HIGHWAY

Joint Finance/Legislature: Require the Department to designate the route of STH 35 in Crawford County from the Village of Ferryville to the City of Prairie du Chien as the "Governor Patrick Lucey Highway" in recognition and appreciation of Patrick J. Lucey, who served with distinction as both the Governor of Wisconsin from 1971 to 1977 and as the United States Ambassador to Mexico from 1977 to 1979. Require the Department to mark the route by

erecting and maintaining appropriate signs to clearly identify to motorists the route as the "Governor Patrick Lucey Highway."

[Act 20 Section: 1554m]

29. FREEWAY DIRECTIONAL SIGNS FOR THE CITY OF MILWAUKEE HISTORIC PUBLIC LIBRARY

Joint Finance/Legislature: Require the Department to erect and maintain three directional signs for the Milwaukee Central Library. Specify that each sign shall contain the words "Historic Milwaukee Public Library" and that one sign shall be placed at each of the following three locations: (a) near the Highland Avenue and 11th Street exit on I-43, viewable from the southbound lanes; (b) near the Michigan Street and 10th Street exit on I-43, viewable from the northbound lanes; and (c) near the James Lovell Street and St. Paul Avenue exit on I-794, viewable from the eastbound lanes. Prohibit the Department from charging any fee related to these signs.

Veto by Governor [D-28]: Delete provision.

[Act 20 Vetoed Section: 1581t]

Motor Vehicles

1. REPLACEMENT OF DIVISION OF MOTOR VEHICLES DOCUMENT PROCESSING AND ISSUANCE EQUIPMENT

SEG	\$560,000
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Governor/Legislature: Provide \$280,000 annually to establish a five-year replacement schedule for document scanners, printers, and other equipment used in the electronic storage and verification of documents submitted by applicants for driver's licenses and identification cards. The equipment that would be replaced was originally purchased in 2008 and 2009 utilizing one-time funding provided for compliance with document storage and verification requirements of the federal Real ID Act. The Department indicates that this equipment is now reaching the end of its expected life, and is no longer under warranty. The funding provided under this item would allow the Department to replace the equipment at a total cost of \$1,400,000 over a five-year period, beginning in 2013-14.

2. PROVISION OF IDENTIFICATION CARD INFORMATION TO THE DEPARTMENT OF REVENUE [LFB Paper 559]

Governor/Legislature: Specify that DOT may, upon request, provide to the Department of Revenue any applicant information, including social security numbers, collected and

maintained by DOT as part of the identification card application process. Specify that the provision of information to the Department of Revenue may include providing electronic access. Specify that the Department of Revenue would be, with respect to this information, subject to general confidentiality provisions applicable to the administration of state income and franchise taxes.

This item was included as part of an initiative to address tax fraud. For additional information, see an item under "Revenue -- Tax Administration."

[Act 20 Sections: 2164 and 2165]

3. OVERWEIGHT PERMITS FOR RAW FOREST PRODUCTS AND LUMBER

Joint Finance/Legislature: Authorize the Department to issue annual or consecutive month permits for a vehicle or combination of vehicles transporting raw forest products or lumber provided that the vehicle or combination of vehicles does not violate length or weight limitations established under Michigan law, and provided that the transport is restricted to any of the following routes: (a) on USH 2 in Florence County; (b) on STH 77, from 2nd Avenue in the City of Hurley to Olson Road in the City of Mellen, in Iron and Ashland counties; (c) on USH 51, from the USH 2/USH 51 interchange north of the City of Hurley to Maple Ridge Road, in the Town of Mercer in Iron County; (d) on USH 45, from the Wisconsin-Michigan border to Sunnyside Road south of the City of Antigo, in Vilas, Oneida, and Langlade counties; (e) on STH 139, from the Wisconsin-Michigan border to USH 8, in Florence and Forest counties; and (f) on USH 8, from USH 45 to Ross Lake Road, in the Town of Caswell, in Oneida and Forest counties. Require the Department to prepare a report by July 1, 2018, to the standing committees of the Legislature with jurisdiction over transportation matters on the impact of this provision, including: (a) data on the number of permits issued; (b) data on any accidents involving permitted vehicles; and (c) the economic impacts of this provision.

Veto by Governor [D-25]: Delete the requirement that DOT must prepare a report on the impact of this provision.

[Act 20 Sections: 2175g, 2175h, and 9345(5r)]

[Act 20 Vetoed Section: 2175i]

4. REGULATION OF GOLF CARTS BY MUNICIPALITIES AND COUNTIES

Joint Finance/Legislature: Specify that a municipality or county may, by ordinance, allow the operation of golf carts on any highway that has a speed limit of 25 miles per hour or less and that is located within the territorial boundaries of the municipality or county, as applicable. Specify that municipalities may authorize such operation on highways regardless of whether the municipality has jurisdiction, for maintenance purposes, over the highway, but that a county ordinance may only authorize operation of golf carts on county highways. Specify that such an ordinance: (a) may not allow the operation of golf carts on or across any state trunk

highway or connecting highway; and (b) may include a definition of the term "golf cart." Extend current law exemptions from registration and vehicle equipment requirements for golf carts operating in golf cart crossings or within one mile of a golf course to golf carts operating under an ordinance adopted under this provision.

[Act 20 Sections: 2163t, 2165t, and 2175k]

5. DONATION FOR DONATE LIFE WISCONSIN ON DRIVER'S LICENSE AND IDENTIFICATION CARD APPLICATION FORM

Joint Finance/Legislature: Require the Department to include, on the application form for a driver's license or identification card, a question as to whether the applicant wishes to designate an additional \$2 to support the efforts of Donate Life Wisconsin. Specify that 90% of the proceeds received under this provision shall be credited to the current law Department of Health Services appropriation for making a payment to Donate Life Wisconsin from proceeds received from the Donate Life license plate. Specify that 10% of the proceeds would be deposited in the transportation fund. Specify that this requirement would take effect on January 1, 2014.

[Act 20 Sections: 346m, 516m, 2163u thru 2163y, and 9445(4u)]

State Patrol

1. STATE PATROL RECRUIT CLASS [LFB Paper 665]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$2,738,000	- \$1,369,000	\$1,369,000

Governor: Provide \$1,369,000 annually to allow the State Patrol to conduct annual recruit training classes for new troopers and inspectors. The 2011-13 biennium provided \$2,800,000 in the first year of that biennium for recruit class training, but no base funding was provided in the second year for that purpose. The funding provided in this item would allow the State Patrol to conduct recruit class training in both years of the biennium, as well as on an ongoing basis. The Department indicates that the amount of funding provided in this item would be less than the amount in 2011-12 because the State Patrol anticipates that the classes would be somewhat smaller than the class conducted in that year.

Joint Finance/Legislature: Delete \$1,369,000 in 2014-15 to eliminate recruit training funding in that year.

2. COMMERCIAL MOTOR CARRIER INSPECTOR POSITIONS [LFB Paper 666]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$3,832,500	24.00	-\$3,832,500	- 24.00	\$0	0.00
FED	<u>0</u>	<u>4.00</u>	<u>0</u>	<u>- 4.00</u>	<u>0</u>	<u>0.00</u>
Total	\$3,832,500	28.00	-\$3,832,500	- 28.00	\$0	0.00

Governor: Provide \$1,834,300 SEG in 2013-14 and \$1,998,200 SEG in 2014-15 and 22.0 SEG positions and 6.0 FED positions annually to increase the State Patrol's commercial motor carrier enforcement activities. In addition, convert 2.0 existing FED positions for motor carrier consumer protection investigators to 2.0 SEG State Patrol inspector positions. The net result on positions under this item would be an annual increase of 24.0 SEG positions and 4.0 FED positions.

The Division of State Patrol currently has 101 commercial motor carrier inspectors assigned to field enforcement duties, either at fixed weight and inspection stations or on mobile patrol. These positions are sworn law enforcement officers, distinct from State Patrol troopers. In addition, the Division has 13 consumer protection investigators, whose duty is to perform field reviews of commercial motor carriers to check for compliance with federal and state motor carrier laws. Of these 13, four are sworn inspectors and nine are "civilian" employees. Under this item, the number of inspectors working in field enforcement would increase by 24, as the result of adding 20 new inspector positions and the reassignment of the four inspectors currently performing compliance reviews. The item would also result in a net increase of four consumer protection investigators, all of whom would be civilian positions. The following table summarizes the effect of these changes.

	<u>Field</u> <u>Inspectors</u>	<u>Consumer</u> <u>Protection Investigators</u>		<u>Total</u>
		<u>Sworn</u>	<u>Civilian</u>	
Current Staffing	101	4	9	114
Proposed Changes	<u>24</u>	<u>-4</u>	<u>8</u>	<u>28</u>
Total Proposed Staffing	125	0	17	142

The Department indicates that the new inspector and consumer protection investigators would be a response to a growth in commercial motor carrier traffic and to bring the state's enforcement effort closer to that of Wisconsin's neighboring states. The SEG funding would be for the salary and fringe benefits, supplies related to the positions, and training costs. The additional FED positions would be funded with existing federal motor carrier safety aid.

Joint Finance/Legislature: Delete provision.

3. INTRASTATE MOTOR CARRIER REGULATION [LFB Paper 666]

Governor: Modify current law statutory provisions applying to common and contract motor carriers that operate in interstate commerce to specify that they also apply to common and contract motor carriers operating in intrastate commerce. Specify that the certificates and licenses that are required to operate as an interstate carrier would be required also for intrastate carriers. Specify that these changes would first apply to motor carrier operations occurring on and fees and taxes assessed on January 1, 2014, or on the day after publication of the budget act, whichever is later.

The Department indicates that this change would allow the State Patrol to conduct motor carrier enforcement of intrastate motor carriers using the same set of procedures and standards currently used for interstate carriers and intrastate carriers involved with hazardous materials transportation, both of which are governed by federal rules. This includes the conduct of motor carrier compliance reviews, under which State Patrol inspectors and other personnel review motor carriers for their drivers' driving records and hours of service records, vehicle maintenance records, as well as other company and driver factors. A separate item, summarized above, would provide additional motor carrier inspector and compliance review investigator positions to conduct additional enforcement of intrastate motor carriers.

Joint Finance/Legislature: Delete provision.

4. OVERWEIGHT TRUCK FORFEITURES

Governor: Increase the variable portion of the forfeiture for overweight truck violations, applying to wheel, axle, and gross weight limits, including special and seasonal limits, as shown in the tables below (no change would be made for violations of less than 2,000 pounds). The cents per pound amounts shown apply to the total excess load. For example, a first offense where the load was overweight by 4,500 pounds would be subject to a forfeiture range under current law of \$275 to \$425 (base forfeiture of \$50 to \$200 plus variable amount of \$225, which is 4,500 pounds at 5¢ per pound). Under the bill, the forfeiture range in the example would increase to \$410 to \$560 (same base forfeiture plus a variable amount of \$360, which is 4,500 pounds at 8¢ per pound).

For Weights Exceeding Limits by More than 1,000 Pounds, First Offense

Overweight Range, In Pounds	Base Forfeiture of \$50 to \$200 Plus:	
	<u>Cents Per Pound Overweight</u> Current Law	Proposed
1,000 to 2,000	1¢	1¢ (no change)
2,000 to 3,000	2	3
3,000 to 4,000	3	5
4,000 to 5,000	5	8
Over 5,000	7	15

**For Weights Exceeding Limits by More than
1,000 Pounds, Second or Subsequent Offense Within 12 Months**

<u>Overweight Range, In Pounds</u>	Base Forfeiture of \$100 to \$300 Plus:	
	<u>Cents Per Pound Overweight</u>	
	<u>Current Law</u>	<u>Proposed</u>
1,000 to 2,000	2¢	2¢ (no change)
2,000 to 3,000	4	5
3,000 to 4,000	6	8
4,000 to 5,000	8	12
Over 5,000	10	18

Modify the forfeiture for a second overweight violation within 12 months for a truck hauling raw forest products to equal that under current law for a third or subsequent such violation. The current law forfeiture for a second such overweight offense committed within 12 months involving raw forest products is the same as that for a first offense. The bill would not change the penalties for first offenses or for third and subsequent offenses for trucks hauling raw forest products. The effect of this change is shown in the following table:

Overweight Trucks Hauling Raw Forest Products, Second Offense Within 12 Months

	<u>Current Law</u>	<u>Proposed</u>
Base Forfeiture	\$150 to \$250	\$500 to \$550
<u>Plus Cents Per Pound Overweight;</u>		
<u>Overweight Range, In Pounds</u>		
0 to 2,000	6¢	20¢
2,000 to 3,000	8	20
3,000 to 4,000	9	21
4,000 to 5,000	10	22
Over 5,000	11	23

Specify that these changes would first apply to violations committed on the general effective date of the bill, but that these changes would not preclude the counting of other violations as prior violations for purposes of sentencing.

Joint Finance/Legislature: Delete the proposed changes to the forfeitures for overweight trucks hauling raw forest products

[Act 20 Sections: 2166 thru 2173 and 9345(2)]

5. CHEMICAL TEST SECTION -- FUNDING SOURCE [LFB Paper 667]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
	Funding	Positions	Funding	Positions	Funding	Positions
PR	- \$2,716,600	- 13.00	\$2,498,800	13.00	- \$217,800	0.00
SEG	<u>2,498,800</u>	<u>13.00</u>	<u>-2,498,800</u>	<u>-13.00</u>	<u>0</u>	<u>0.00</u>
Total	- \$217,800	0.00	\$0	0.00	- \$217,800	0.00
PR-REV	0		\$1,874,100		\$1,874,100	

Governor: Delete \$1,358,300 PR and 13.0 PR positions annually to eliminate funding for the State Patrol's PR appropriation for the chemical test section, which is funded with revenue collected from the operating while intoxicated (OWI) driver improvement surcharge. Delete the PR appropriation and statutory provisions that allow DOA to credit amounts from the OWI driver improvement surcharge to that appropriation. Provide \$1,249,400 SEG and 13.0 SEG positions annually in a newly-created, transportation fund appropriation for the chemical test section. The State Patrol's chemical test section provides and maintains all evidentiary breath testing equipment used by state and local law enforcement agencies, as well as provides training on the use of that equipment. The OWI driver improvement surcharge, a \$365 surcharge imposed for all OWI convictions, generates funding for county driver assessment services, as well as several state programs. This item would replace the OWI driver improvement surcharge appropriation for the chemical test section with an appropriation from the transportation fund. DOA indicates that funding for the chemical test section would be converted to the transportation fund in order increase funding for two other state programs funded with OWI surcharge revenue. Funding would be increased for a Department of Health Services PR appropriation for providing supplements to counties for conducting driver assessments of persons convicted of OWI offenses, and a PR appropriation for the State Laboratory of Hygiene would be increased to address a backlog of blood tests conducted by the lab.

DOA indicates that the funding in the SEG appropriation would be \$108,900 less annually than the PR appropriation would have provided because the chemical test section has not typically been spending the full amount in the PR appropriation.

Joint Finance/Legislature: Delete the proposed \$1,249,400 annual SEG appropriation and 13.0 SEG positions for the chemical test section and retain the PR appropriation (and related statutory provisions) for the chemical test section, funded at \$1,249,400 annually, and 13.0 PR positions.

Increase the OWI driver improvement surcharge by \$70, from \$365 to \$435, first applying to offenses committed on the effective date of the bill. Reduce the percentage of OWI surcharge revenue counties retain from 60% to 50.3% and increase the percentage of revenue the state receives from 40% to 49.7%, first applying to collections received on the first day of the sixth month beginning after the effective date of the bill, in order to direct the \$70 surcharge increase to the state. Estimate increased surcharge revenues at \$624,700 in 2013-14 and \$1,249,400 in 2014-15, of which an estimated \$64,000 in 2013-14 and \$128,000 in 2014-15 would go to the

safe-ride grant program, with the remainder being available to fund other state programs using surcharge revenues, including the chemical test section.

[Act 20 Sections: 2165m thru 2165o, 9345(3u), and 9445(5u)]

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the base budget for: (a) turnover reduction (-\$3,908,600 SEG and -\$83,500 FED annually); (b) removal of noncontinuing elements (-\$500,000 SEG annually and -\$153,100 FED and -8.0 FED positions in 2013-14 and -\$316,200 FED and -8.0 FED positions in 2014-15); (c) full funding of continuing position salaries and fringe benefits (-\$5,918,200 SEG, \$229,500 FED, \$2,500 SEG-S, and -\$229,800 PR annually); (d) overtime (\$2,782,200 SEG, \$98,100 FED, \$14,100 SEG-S, and \$166,600 PR annually); (e) night and weekend salary differential (\$257,500 SEG, \$5,400 FED, and \$300 SEG-S annually); and (f) full funding of lease costs and directed moves (\$580,500 SEG in 2013-14 and \$837,200 SEG in 2014-15).

	Funding	Positions
SEG	-\$13,156,500	0.00
FED	29,700	- 8.00
SEG-S	33,800	0.00
PR	<u>- 126,400</u>	<u>0.00</u>
Total	-\$13,219,400	- 8.00

2. DEPARTMENTAL FACILITY MAINTENANCE AND UTILITIES

SEG	\$1,000,000
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Governor/Legislature: Provide \$500,000 annually for general facility maintenance and utility costs. The Department has over 200 facilities, including general administrative buildings, Division of Motor Vehicles service centers, and Division of State Patrol posts and communication tower sites. With the proposed increase, funding for facility maintenance and utilities would increase from \$2,303,600 to \$2,803,600 annually. DOT indicates that the cost for facility maintenance and utilities has exceeded the current budget during the past several years, including by \$1.1 million in 2011-12. The Department has reallocated resources from other functions within the Division of Business Management on a short-term basis to manage these excess expenditures.

3. DIVISION OF MOTOR VEHICLES SERVICE CENTER RENT

Governor/Legislature: Transfer \$725,000 SEG in 2013-14 and \$740,000 SEG in 2014-15 from the appropriation for the Division of Motor Vehicles (DMV) to the departmental management and operations appropriation to align anticipated expenditures for DMV space rental with the Division responsible for facilities management. The 2011-13 biennial budget provided funding in the DMV appropriation to expand DMV service center hours in several counties. All departmental facilities costs, however, are managed by DOT's Division of

Business Management and are paid from the departmental management and operations appropriation.

4. POSITION REALLOCATION

Governor/Legislature: Transfer positions and funding between DOT appropriations to align resources with departmental initiatives, as follows: (a) \$149,800 SEG and 2.0 SEG positions annually from the administration and planning appropriation to the appropriation for departmental management and operations to: (i) provide one position in the Department Secretary's office to serve as a liaison to businesses on transportation and economic development issues; and (ii) provide one position in the Office of Policy, Budget, and Finance to coordinate DOT's performance measurement and efficiency initiatives; and (b) \$344,800 SEG and 3.0 SEG positions annually from the administration and planning appropriation to the appropriation for rail service assistance to combine passenger and freight rail personnel within a single appropriation.

5. TRANSFER FACILITY DESIGN POSITION TO DOA [LFB Paper 110]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)			
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	\$0	- 1.00	-\$154,200	0.00	-\$154,200	- 1.00

Governor: Transfer facility design responsibilities to the Department of Administration. Reduce position authority by 1.0 annually associated with facility design functions in the Department. No reduction or reallocation in funding would be made associated with the reduced position authorization. Rather, the Department of Administration would be provided with 1.0 PR position, and authorized to assess a fee to agencies for facility design services.

Specify that the incumbent employee would be transferred to DOA, and retain civil service rights and status enjoyed prior to the transfer. If the transferred employee has attained permanent status, the employee would not be required to serve a probationary period.

Transfer all assets and liabilities, tangible personal property, contracts, and pending matters, as determined by the Secretary of DOA, related to facilities design from DOT to DOA. [See "Administration -- Transfers."]

Joint Finance/Legislature: Delete the transfer of a facility design position to DOA. Instead, delete \$77,100 and 1.0 position annually associated with a vacant facility designer position.

[Act 20 Sections: 138 and 432]

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$2,249,806,800	\$2,431,154,000	\$2,247,320,900	\$2,247,320,900	\$2,247,320,900	-\$2,485,900	- 0.1%
FED	3,687,187,400	3,687,187,400	3,687,187,400	3,687,187,400	3,687,187,400	0	0.0
PR	5,622,643,800	5,834,833,800	5,835,106,600	5,835,106,600	5,835,106,600	212,462,800	3.8
SEG	<u>65,326,000</u>	<u>65,326,000</u>	<u>65,326,000</u>	<u>65,326,000</u>	<u>65,326,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,624,964,000	\$12,018,501,200	\$11,834,940,900	\$11,834,940,900	\$11,834,940,900	\$209,976,900	1.8%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	18,432.76	18,445.76	18,432.76	18,432.76	18,432.76	0.00
FED	5,602.60	5,602.60	5,602.60	5,602.60	5,602.60	0.00
PR	10,492.18	10,492.18	10,494.18	10,494.18	10,494.18	2.00
SEG	<u>148.42</u>	<u>148.42</u>	<u>148.42</u>	<u>148.42</u>	<u>148.42</u>	<u>0.00</u>
TOTAL	34,675.96	34,688.96	34,677.96	34,677.96	34,677.96	2.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$20,789,500
PR	<u>7,881,800</u>
Total	\$28,671,300

Governor/Legislature: Adjust the base budget by \$10,375,700 GPR in 2013-14 and \$10,413,800 GPR in 2014-15 and \$3,940,900 PR annually for: (a) full funding of continuing position salaries and fringe benefits (\$9,550,500 GPR and \$3,940,900 PR annually); and (b) full funding of lease and directed moves costs (\$825,200 GPR in 2013-14 and \$863,300 GPR in 2014-15).

2. INCREASE GPR FUNDING [LFB Paper 676]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$89,444,500	- \$89,444,500	\$0

Governor: Provide \$32,388,500 in 2013-14 and \$57,056,000 in 2014-15 in the four appropriations shown below. In addition to the 2013-15 increases, the table shows the base funding for each appropriation and the percentage increase in each year of the biennium.

	2012-13 <u>Base</u>	Increase over Base		% Increase Over Prior Year	
		<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
General Program Operations	\$884,145,600	\$31,688,000	\$55,982,000	3.6%	2.7%
State Laboratory of Hygiene	9,374,300	285,700	438,000	3.0	1.6
Veterinary Diagnostic Laboratory	5,018,200	165,100	253,100	3.3	1.7
UW System Administration	<u>7,089,000</u>	<u>249,700</u>	<u>382,900</u>	3.5	1.8
Total	\$905,627,100	\$32,388,500	\$57,056,000	3.6%	2.6%

The funding increases for the State Laboratory of Hygiene, Veterinary Diagnostic Laboratory, and UW System Administration have been allotted for salary and fringe benefit costs and would be used to provide compensation increases for employees. The \$87.7 million funding increase under the general program operations appropriation has not been allotted for specific purposes. However, the administration has indicated that the funding increase in the general program operations appropriation is similarly provided for compensation increases for UW employees.

Under another budget provision, the Board of Regents and the UW-Madison Chancellor would be granted the authority to establish compensation plans for UW employees. If that provision is approved, the Joint Committee on Employment Relations would not approve a compensation plan for UW System employees and the UW System would not receive supplements from the compensation reserve.

Joint Finance/Legislature: Delete funding. Instead, increase the amount of funding provided in compensation reserves by \$89,444,500.

3. COMPENSATION PLANS [LFB Paper 676]

Governor: Authorize the Board of Regents to establish compensation plans for all UW System employees except those employees assigned to UW-Madison and authorize the UW-Madison Chancellor to establish compensation plans for all UW System employees assigned to UW-Madison. Delete the requirement that the Director of the Office of State Employment Relations submit a proposal for adjusting compensation and employee benefits for UW System employees to the Joint Committee on Employment Relations (JCOER). Delete four program

supplement appropriations to fund the cost of pay and related adjustments approved by the JCOER for UW System employees and related references. Under the bill, JCOER would not approve a compensation plan for UW System employees and the UW System would not receive supplements from the compensation reserve.

Specify that the Board of Regents should set the salaries of each UW System employee subject to the limitations included in the pay plans approved by the Board of Regents and the UW-Madison Chancellor, instead of the pay plan approved by JCOER under current law. Delete current law language limiting the Board of Regents' authority to increase employee salaries and a related report. Under current law, the Board of Regents may not increase employee salaries unless those increases conform to the pay plan approved by the JCOER, correct salary inequities, fund job reclassifications or promotions, or recognize competitive factors. The Board of Regents is required to submit an annual report to the Joint Finance Committee, the Secretary of the Department of Administration, and the Office of State Employment Relations regarding the amounts of salary increases granted to recognize competitive factors and the institutions at which those salary increases were granted.

In addition, define "continuous service" as service performed while employed by a state agency or the Board of Regents. The length of an employee's continuous service is used to determine the employee's annual allotment of leave (vacation) time and post-retirement health insurance premium credits.

Joint Finance/Legislature: Delete provision.

4. DELAY THE EFFECTIVE DATE OF UW PERSONNEL SYSTEMS AND RELATED 2011 ACT 32 PROVISIONS

Joint Finance/Legislature: Delay the effective date of provisions included in the 2011-13 biennial budget (Act 32) related to the implementation of new personnel systems for UW employees, the negotiation of contracts for UW employees represented by labor organizations by the Board of Regents and the UW-Madison Chancellor, and the exclusion of UW employees from state position reports until July 1, 2015. Under current law, the Board of Regents and the UW-Madison Chancellor may not implement the personnel systems unless they have been approved by the Joint Committee on Employment Relations (JCOER).

Under 2011 Act 32, the Board of Regents was authorized to establish a new personnel system for all UW employees except UW-Madison employees and the UW-Madison Chancellor was authorized to establish a new personnel system for all UW-Madison employees. Beginning on July 1, 2013, the UW System would have been exempted from all statutory Chapter 230 provisions and all UW employees would have been transferred from the state personnel system to the new personnel systems provided that those personnel systems had been approved by JCOER. In addition, collective bargaining units mirroring existing statewide collective bargaining units would have been created for UW employees other than UW-Madison employees and for UW-Madison employees effective July 1, 2013. On that date, the Board of Regents would have been authorized to bargain as the employer with UW System employees

other than UW-Madison employees who were members of bargaining units and UW-Madison would have been authorized to bargain contracts with UW-Madison employees who were members of bargaining units. Contracts negotiated by the Board of Regents and UW-Madison would have required approval by JCOER and the full Legislature consistent with contracts negotiated by the Office of State Employment Relations under current law. Act 32 also specified that UW System employees would no longer be counted in state positions reports beginning on July 1, 2013, but would remain state employees.

[Act 20 Sections: 67b, 586d, 586h, 2365m, and 9448(1q)]

5. BASE BUDGET REDUCTION

GPR	- \$65,688,600
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Joint Finance/Legislature: Reduce the UW System's GPR general program operations appropriation by \$32,844,300 annually.

6. TUITION AND ALLOCABLE SEGREGATED FEE FREEZE [LFB Paper 675]

Joint Finance/Legislature: Prohibit the Board of Regents from charging resident undergraduate students enrolled in a UW institution or UW Colleges campus in the 2013-14 and 2014-15 academic years more in tuition than it charged resident undergraduate students enrolled in that institution or UW Colleges campus in 2012-13, except for differential tuition approved before June 1, 2011. Require the Board of Regents to ensure that the allocable segregated fees charged to students enrolled in a UW institution or UW Colleges campus in the 2013-14 and 2014-15 academic years do not exceed the allocable segregated fees charged to students enrolled in that institution or UW Colleges campus in the 2012-13 academic year.

Veto by Governor [C-9 and C-10]: Delete the allocable segregated fee freeze and the exemption from the tuition freeze for differential tuition approved by the Board before June 1, 2011.

[Act 20 Section: 9148(4n)]

[Act 20 Vetoed Sections: 9148(4n)(title), (a)2, and (b)]

7. DEBT SERVICE REESTIMATE [LFB Paper 164]

GPR	\$42,413,200
PR	39,046,800
Total	\$81,460,000

Governor/Legislature: Provide \$16,579,400 GPR and \$10,840,100 PR in 2013-14 and \$25,833,800 GPR and \$28,206,700 PR in 2014-15 to reestimate debt service costs. Annual base level funding for debt service is \$219,276,300 GPR and \$127,182,200 PR.

8. INCENTIVE GRANTS [LFB Paper 677]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$20,000,000	-\$20,000,000	\$0

Governor: Provide \$10,000,000 annually in a new biennial appropriation for incentive grants. Specify that the Board of Regents would award grants from this appropriation to UW institutions to fund the following: (a) economic development programs; (b) programs that have as their objective the development of an educated and skilled workforce; and (c) programs to improve the affordability of postsecondary education for resident undergraduates.

Economic development programs would be defined as programs or activities that: (a) have the primary purpose of encouraging the establishment and growth of business in this state, including the creation and retention of jobs; and (b) receive funding from the state or federal government through state appropriations and provides financial assistance, tax benefits, or direct services to specific industries, businesses, local governments, or organizations.

Programs that have as their objective the development of an educated and skilled workforce would include those that: (a) would increase the number of degrees awarded in fields for which the occupational demand is high or in fields that are jointly determined to be high-demand fields by the Department of Workforce Development and the Wisconsin Technical College System Board; (b) would increase the number of opportunities available to students to gain work experience in their fields through internships or cooperative work experiences; and (c) increase or enhance research development.

Programs to improve the affordability of postsecondary education for resident students would include those that: (a) reduce the time required to obtain a degree; (b) increase the opportunities available for high school pupils to earn credit toward a postsecondary degree; and (c) improve the transfer of credit between institutions of higher education.

Require the Board of Regents to submit a plan for the establishment of the incentive grant program to the Secretary of the Department of Administration (DOA) for his or her approval within 90 days after the effective date of the bill. Require that the plan include: (a) application procedures and procedures and criteria for awarding grants; (b) a plan to establish performance goals and accountability measures for each grant recipient; (c) a plan to track and report program results reported by grant recipients; and (d) an acknowledgment that the amounts awarded are not base building. In addition, require the Board of Regents to submit an annual report to the DOA Secretary on the programs that have been awarded an incentive grant. Require that the report include the goals, results, and budget for each program as well as a systemwide summary of this information.

Joint Finance/Legislature: Delete the GPR funding provided and instead require the Board of Regents to allocate \$11,250,000 in each year of the biennium from its program revenue appropriation for general program operations to the incentive grant program. In addition, modify the statutory language related to the incentive grant program as follows: (1) specify that grants

awarded for the creation or expansion of programs, courses, or services could be awarded for a period of up to three years; (2) permit the Board of Regents to award grants to programs that would increase the number of bachelor's, master's, and doctoral degrees awarded in fields for which occupational demand is high or in fields that the Department of Workforce Development (DWD) and the Board, instead of DWD and the Wisconsin Technical College System Board, jointly determine to be high-demand fields; (3) delete the requirement that the Board of Regents submit an annual report on the incentive grant program to the DOA Secretary and instead require the Board of Regents and the UW-Madison Chancellor to include the goals, results, and budget for each program that was awarded funds through the incentive grant program and a summary of this information in the annual accountability reports submitted to the Governor and Legislature; and (4) require that Board submit the plan for the establishment of the incentive grant program to the Joint Finance Committee, in addition to the DOA Secretary, for its approval through a 14-day passive review process, as well as approval by the DOA Secretary.

[Act 20 Sections: 591, 608x, and 9148(1e)&(1i)]

9. CARBONE CANCER CENTER [LFB Paper 678]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,750,000	- \$3,750,000	\$0

Governor: Provide \$3,750,000 in 2013-14 in a new biennial appropriation for translational imaging research and require that the funds provided be used for costs incurred by the University of Wisconsin Carbone Cancer Center related to translational imaging research, research imaging and scanning, research imaging equipment, and the Wisconsin Oncology Network. Require the center to submit a plan to the Secretary of the Department of Administration (DOA) for raising an additional \$3,750,000 from federal, private, and other sources for the same purposes. Prohibit the release of funds from the appropriation unless the DOA Secretary approves the Center's fundraising plan.

Joint Finance/Legislature: Delete the GPR funding provided and the related appropriation and instead require the Board of Regents to allocate \$3,750,000 in the 2013-15 biennium from its program revenue appropriation for general program operations for translational imaging research, research imaging and scanning, research imaging equipment, and the Wisconsin Oncology Network. Require that the funds allocated for this purpose be funds that would have otherwise been allocated to the UW System and not to any UW institution or the UW-Extension. Prohibit the Board from expending the funds allocated for this purpose unless an equivalent amount of funding from federal, private, or other sources has been received. In addition, require the Board to submit a plan for the expenditure of the funds allocated for translational imaging research, research imaging and scanning, research imaging equipment, and the Wisconsin Oncology Network to the Joint Finance Committee for its approval under a 14-day passive review process.

[Act 20 Section: 9148(4i)]

10. FUNDING FOR MEDICAL SCHOOL PROGRAMS [LFB Paper 679]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$3,000,000	-\$3,000,000	\$0

Governor: Provide \$1,500,000 annually in the UW System's GPR general program operations appropriation and require the Board of Regents to allocate that amount for the Wisconsin Academy for Rural Medicine (WARM) and the Training in Urban Medicine and Public Health Program (TRIUMPH) at the University of Wisconsin School of Medicine and Public Health.

Joint Finance/Legislature: Delete the GPR funding provided and, instead, require the Board of Regents to allocate \$1,500,000 in each year of the 2013-15 biennium from its program revenue appropriation for general program operations to the WARM and TRIUMPH programs.

[Act 20 Section: 9148(3i)]

11. FLEXIBLE OPTION [LFB Paper 680]

	Governor (Chg. to Base) Funding Positions		Jt. Finance/Leg. (Chg. to Gov) Funding Positions		Net Change Funding Positions	
GPR	\$1,950,000	13.00	-\$1,950,000	- 13.00	\$0	0.00

Governor: Provide \$650,000 in 2013-14 and \$1,300,000 in 2014-15 and 6.5 positions beginning in 2013-14 and an additional 6.5 positions beginning in 2014-15 to increase the number of courses and programs offered through the new flexible option platform. Flexible option degree programs are targeted to adult learners and are self-paced and competency-based. Through these programs, students can be awarded credit for demonstrating college-level competencies learned through coursework, independently, or through employment. Beginning in fall, 2013, students will be able to enroll five degree programs and one certificate program offered through the flexible option.

Joint Finance/Legislature: Delete the GPR funding and positions provided and, instead, require the Board of Regents to allocate \$650,000 in 2013-14 and \$1,300,000 in 2014-15 from its program revenue appropriation for general program operations to fund the UW Flexible Option initiative.

[Act 20 Section: 9148(2c)]

12. TRANSFER PR FUNDS TO WHEG-UW PROGRAM UNDER HEAB

Joint Finance/Legislature: Transfer \$58,345,400 in 2013-14 from the UW System's program revenue appropriation for general program operations to a new program revenue appropriation under the Higher Educational Aids Board for the Wisconsin higher education grant (WHEG) program for UW students. [See "Higher Educational Aids Board."]

[Act 20 Sections: 250h, 250i, and 9419(1e)]

13. PLAN FOR FUNDING INITIATIVES AND TRANSFER WITH PR APPROPRIATION BALANCES

Joint Finance/Legislature: Require the Board of Regents to submit a plan to the Joint Committee on Finance identifying the sources of the program revenues that would be transferred to the Higher Educational Aids Board and that would be allocated to each of the following: (1) the incentive grant program; (2) the Carbone cancer center; (3) the WARM and TRIUMPH programs at the UW School of Medicine and Public Health; and (4) the UW Flexible Option initiative. Require the Board of Regents to submit the plan within 90 days of the effective date of the bill, and specify that the plan is subject to approval by the Joint Committee on Finance under a 14-day passive review process.

[Act 20 Section: 9148(5e)]

14. CALCULATION OF AND LIMITS ON UW PR BALANCES [LFB Paper 675]

Joint Finance/Legislature: Require the Board of Regents to develop a methodology for the calculation of program revenue balances and reserves, expressed in both dollars and as percentages of total annual expenses, for the UW System as a whole and for individual UW institutions and the UW-Extension. Require the Board of Regents to submit its proposed methodology by September 1, 2013, to the Joint Legislative Audit Committee for approval, modification, or disapproval.

In addition, require the Board of Regents to submit the following to the Joint Committee on Finance by January 1, 2014, for approval through a 14-day passive review process: (1) proposed limits on program revenue account balances for the UW System as a whole and for each individual UW institution and the UW-Extension and proposed reports related to those limits; (2) proposed policies regarding the annual distribution of tuition and fee revenue and state general purpose revenue to each institution and the UW-Extension; and (3) proposed policies regarding the expenditure of tuition and fee revenues and state general purpose revenue by each institution and the UW-Extension.

[Act 20 Sections: 9148(4L)&(4m)]

15. ADJUST PR GENERAL PROGRAM OPERATIONS APPROPRIATION TO REFLECT 2012-13 OPERATING LEVELS

PR	\$165,261,400
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Governor/Legislature: Provide \$82,630,700 annually to reflect increases in tuition revenue and revenues from self-supporting operations that occurred during the 2011-13 biennium. The UW System's program revenue general program operations appropriation is an "all moneys received" appropriation, meaning that all revenues may be spent regardless of the amount shown in the appropriation schedule.

16. STATE LABORATORY OF HYGIENE IMPLIED CONSENT TESTING

	Funding	Positions
PR	\$272,800	2.00

Joint Finance/Legislature: Require the Board of Regents to transfer \$136,400 in 2013-14 and 2014-15 from the UW System's program revenue appropriation for general program operations to the program revenue appropriation for alcohol and drug testing under the state's implied consent laws at the State Laboratory of Hygiene. Under the implied consent laws, any person who drives or operates a motor vehicle on public highways is deemed to have consented to the testing of his or her breath, urine, or blood for alcohol, controlled substances, and other drugs. In addition, provide a corresponding amount of PR funding and create 2.0 two-year project positions under the State Laboratory of Hygiene beginning in the 2013-14 fiscal year.

[Act 20 Sections: 250k, 250r, 9248(1u), and 9448(1u)]

17. CORE GENERAL EDUCATION COURSES TRANSFER AGREEMENT [LFB Paper 681]

Governor: Require the Board of Regents and the Wisconsin Technical College System (WTCS) Board to enter into and implement an agreement that identifies core general education courses totaling not fewer than 30 credits that will be transferable between and within each institution participating in the agreement. Define core general education courses as those courses generally required for an undergraduate degree that are prerequisites or otherwise in addition to the courses required for an undergraduate degree in a specific course of study. The agreement shall establish policies ensuring that, beginning in the 2014-15 academic year, credits for completing the courses identified by the agreement will be transferable without loss of credit towards graduation or toward completion of a specific course of study. Provide that the Wisconsin Association of Independent Colleges and Universities (WAICU), on behalf of its constituent institutions, and the governing boards of tribally controlled colleges in this state may be parties to the agreement. Require the Board of Regents and the WTCS Board to ensure that WAICU and the governing boards of the tribally controlled colleges have the opportunity to participate in the agreement. Specify that the courses identified in the agreement be included in the computer-based credit transfer system maintained by the Board of Regents. Require the Board of Regents to include a description of the agreement and a summary of the Board's implementation of the agreement in the annual accountability report submitted by the Board to the Governor and the Legislature beginning with the report for the 2014-15 academic year.

Joint Finance/Legislature: Delete the requirement that credits for completing the courses identified by the agreement be transferable without loss of credit toward graduation or toward completion of a specific course of study and, instead, require that those credits be transferable and satisfy general education requirements at the receiving institution or college.

[Act 20 Sections: 581 thru 583, 601, and 609]

18. ELIGIBILITY OF VETERANS FOR TUITION AND FEE REMISSIONS [LFB Paper 682]

Governor: Provide that a veteran who would otherwise be eligible to receive tuition and fee remissions but was not a resident of this state at the time of his or her entry into the Armed Forces would be eligible to receive tuition and fee remissions if he or she has been verified by the Department of Veterans Affairs (DVA) as being a resident of this state for at least five consecutive years. In addition, specify that the state from which a veteran entered service would be irrelevant in determining the veteran's state of residence at the time of entry into service. Under current law, a veteran is eligible to receive tuition and fee remissions if he or she has been verified by DVA as being all of the following: (a) a resident of this state for the purpose of receiving state veterans benefits; (b) a resident at the time of his or her entry into the Armed Forces; and (c) having qualifying military service.

The bill would also require that a veteran maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions. This requirement would apply beginning in the first semester after the effective date of the bill.

Joint Finance/Legislature: Modify the provision extending eligibility for tuition and fee remissions to veterans who have resided in this state for at least five consecutive years to specify that a veteran must have resided in this state for at least five consecutive years immediately preceding the beginning of any semester or session for which the veteran registers at an institution to be eligible for a remission. In addition, delay the effective date of the requirement that a veteran maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions until the first semester beginning after January 1, 2014.

[Act 20 Sections: 598 thru 600 and 9348(1)]

19. ELIGIBILITY OF CHILDREN AND SPOUSES OF CERTAIN VETERANS FOR TUITION AND FEE REMISSIONS [LFB Paper 683]

Governor: Provide that the child, spouse, or unremarried surviving spouse of a deceased or disabled veteran who would be eligible for tuition and fee remissions under current law if the veteran had been a resident of this state at the time of his or her entry into the Armed Forces would be eligible to receive tuition and fee remissions if the veteran resided in this state for at least five consecutive years. In addition, specify that the state from which a veteran entered service would be irrelevant in determining the veteran's state of residence at the time of entry into service. Under current law, the children and unremarried surviving spouse of a deceased

veteran are eligible for tuition and fee remissions if the veteran: (a) was a state resident at the time of entry into the service; (b) served under honorable conditions; (c) either died on active duty, died on inactive duty for training purposes, or died as the result of a service-related disability; and (d) was a resident of this state at the time of death. The children and spouse of a disabled veteran are eligible for tuition and fee remissions if the veteran: (a) was a state resident at the time of entry into service; (b) served under honorable conditions; and (c) has been awarded at least a 30% service-connected disability rating by the U.S. Department of Veterans Affairs.

In addition, eliminate the time limitations on the receipt of tuition and fee remissions by the spouses of disabled veterans and the unremarried surviving spouses of deceased veterans. Under current law, a spouse may only receive tuition and fee remissions during the first ten years after the eligible veteran received the service-connected disability rating and an unremarried surviving spouse may only receive tuition and fee remissions during the first ten years after the veteran died or the first ten years after the youngest child that the spouse had with the veteran reaches or would have reached 18 years of age.

The bill would also require that the spouse, unremarried surviving spouse, or child of an eligible veteran maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions. This requirement would apply beginning in the first semester after the effective date of the bill.

Joint Finance/Legislature: Delete the provision that would have extended eligibility for tuition and fee remissions to the child, spouse, or unremarried surviving spouse of a deceased or disabled veteran who has resided in this state for at least five consecutive years. In addition, delay the effective date of the requirement that the child, spouse, or unremarried spouse of an eligible veteran maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions until the first semester beginning after January 1, 2014.

[Act 20 Sections: 593 thru 597 and 9348(1)]

20. PARTICIPATION IN THIRD-PARTY ENTITIES OFFERING TELECOMMUNICATIONS SERVICES

Governor: Modify current law to permit the Board of Regents, a UW institution or UW Colleges campus, or the UW-Extension to serve as a member, shareholder, or partner in or with certain additional third-party entities that offer, resell, or provide telecommunications services to the general public or to any other public or private entity. The Board of Regents, UW institutions, UW Colleges campuses, and the UW-Extension would be permitted to serve as a member, shareholder, or partner in or with such third-party entities that satisfy one of the following conditions: (1) the third-party entity advances research or higher education and the Board, UW institution, UW Colleges campus, or UW-Extension served as a member, shareholder, or partner in or with the third-party entity on February 1, 2013; or (2) the Secretary of the Department of Administration issues a determination that the third-party entity advances research or higher education prior to the Board of Regents, UW institution, UW Colleges campus, or UW-Extension serving as a member, shareholder, or partner. Provide that the Board

of Regents, a UW institution or UW Colleges campus, or the UW-Extension may use the services of such third-party entities that satisfy the conditions in par. (1) or (2) above. Modify current law to permit the Board of Regents, a UW institution or UW Colleges campus, or the UW-Extension to participate in the operations of, or provide telecommunications services or technical support services to, those third-party entities that satisfy the conditions in par. (1) or (2) above but only in connection with the use of services offered by those third-party entities. Specify that the definition of "third-party entity" does not include WiscNet.

Under current law, the Board of Regents, a UW institution or UW Colleges campus, or the UW-Extension may be a member, shareholder, or partner in or with any third-party entity that offers, resells, or provides telecommunications services to the general public or to any public or private entity only if one of the following applies: (1) the third-party entity does not offer, resell, or provide telecommunications services that it did not offer, resell, or provide on June 15, 2011, and the third-party entity does not offer, resell, or provide telecommunications services to a private entity, to the general public, or to a public entity other than a university or a university-affiliated research facility or a facility approved by the Joint Committee on Finance related to the Building Community Capacity Through Broadband project grant, that the third-party entity was not serving on June 15, 2011; or (2) the third-party entity or other person is comprised entirely of universities and university-affiliated research facilities. In addition, the Board of Regents is prohibited from offering, reselling, or providing telecommunications services that are available from a private telecommunications carrier to the general public or to any other public or private entity.

Joint Finance/Legislature: Modify the provision to permit the Board of Regents, a UW institution, a UW Colleges campus, and the UW-Extension to serve as a member, shareholder, or partner in, or with, only third-party entities whose primary purpose is to advance the academic research of higher education establishments instead of third-party entities that advance research or higher education as under the Governor's provision. Specify that the Board of Regents, a UW institution, a UW Colleges campus, or the UW-Extension could provide telecommunications services for the purpose of interconnection to, or provide technical support to qualifying third-party entities, instead of provide telecommunications services or technical support services to, qualifying third-party entities as under the Governor's provision. Define "interconnection" as linking with a third-party network for the mutual exchange of traffic and define "third-party entity" as including Broadband Optical Research, Education and Sciences Network, Internet2, and the Northern Tier Network Consortium, but not including WiscNet or its affiliates, successors, or assigns.

In addition, beginning on January 1, 2014, prohibit the Board of Regents from all of the following: (1) employing any individuals who are also employed by WiscNet or its affiliates, successors, or assigns; (2) permitting WiscNet or its affiliates, successors, or assigns to occupy any facilities owned or leased by the Board of Regents; and (3) jointly owning any assets or property with WiscNet or its affiliates, successors, or assigns.

[Act 20 Sections: 605g thru 608b]

21. MEDICAL SCHOOL REPORTS

Governor/Legislature: Require the UW-Madison Medical School to submit a report annually by October 15 to the Governor and the Chief Clerk of each house of the Legislature providing the following information: (a) the number of students enrolled in rural and underserved urban medicine programs; (b) the medical specialties and residency locations of the students in those programs; and (c) the initial postresidency practice locations of the graduates of those programs. Define "rural or urban medicine program" to include the Wisconsin Academy for Rural Medicine, the Training in Urban Medicine and Public Health program, and any other rural or underserved urban medicine program established after the effective date of the bill.

In addition, combine a report that the medical school is currently required to submit biennially to the Governor and the Joint Committee on Finance with a report that the medical school is required to submit by October 15 of each even-numbered year to the Governor and the chief clerk of each house. The combined report would be submitted to the Governor, the Joint Committee on Finance, and the Chief Clerk of each house by October 15 of each even-numbered year and would include the following information: (a) minority student recruitment policies and programs and the number of minority students enrolled; (b) number and percentages of Wisconsin residents enrolled; (c) average faculty salaries compared to national averages; (d) development of cooperative educational programs with other institutions throughout this state; (e) placement of graduates of doctor of medicine and residency training programs; (f) the financial status of the family practice residency sites; (g) the number of family practice residents choosing to practice in medically underserved areas of the state upon graduation; and (h) the number of graduates entering family practice as a career.

[Act 20 Sections: 2 thru 6]

22. DISCOVERY FARM GRANTS

Governor/Legislature: Change the source of funds for the discovery farm grants from the agricultural chemical cleanup fund to the agrichemical management fund.

[Act 20 Section: 251]

23. DELETE OBSOLETE APPROPRIATION

Governor/Legislature: Delete the appropriation for the Special Task Force on UW Restructuring and Operational Flexibilities. Under current law, no funds can be encumbered from this appropriation after June 30, 2013.

[Act 20 Section: 468]

24. ACCOUNTABILITY REPORTS

Joint Finance/Legislature: Require the Board of Regents and the UW-Madison

Chancellor to include the following additional information in the annual accountability reports submitted to the Governor and Legislature: (a) economic development programs undertaken; (b) the number of bachelor's, master's, and doctoral degrees awarded in fields for which the occupational demand is high or in fields that the Department of Workforce Development and the Board jointly determine to be high-demand fields; (c) the number of undergraduate and graduate students participating in internships or cooperative work experiences; (d) the number of high school pupils who have earned credit; and (e) a description of improvements made in the transfer of credit between institutions of higher education.

[Act 20 Sections: 608c thru 608t]

25. FEES FOR INTER-INSTITUTIONAL STUDENT GOVERNMENT ORGANIZATIONS

Joint Finance/Legislature: Specify that the Board of Regents could provide students with the opportunity to pay an additional fee to support an inter-institutional student government organization but could not require students to pay such a fee.

[Act 20 Sections: 600g and 600r]

26. REPORT ON FEES

Joint Finance/Legislature: Require the Board of Regents to submit a report annually by October 15 to the Joint Finance Committee and the Joint Legislative Audit Committee listing all fees, including academic fees, tuition, segregated fees, and any other fees, that are charged to students at each institution and UW Colleges campus and the amount by which these fees have increased in each of the preceding five years.

[Act 20 Section: 609m]

27. CENTER FOR INVESTIGATIVE JOURNALISM

Joint Finance/Legislature: Prohibit the Board of Regents from allowing the Wisconsin Center for Investigative Journalism to occupy any facilities owned or leased by the Board. In addition, specify that no UW System employee may perform any work related to the Wisconsin Center for Investigative Journalism as part of his or her duties as an employee.

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

[Act 20 Vetoed Section: 585m]

VETERANS AFFAIRS

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$5,255,400	\$4,789,300	\$4,180,300	\$4,180,300	\$4,180,300	-\$1,075,100	- 20.5%
FED	5,325,600	11,855,000	11,855,000	11,855,000	11,855,000	6,529,400	122.6
PR	194,005,000	2,873,400	210,681,300	210,681,300	210,681,300	16,676,300	8.6
SEG	<u>70,311,200</u>	<u>264,297,200</u>	<u>51,363,300</u>	<u>51,363,300</u>	<u>51,363,300</u>	<u>- 18,947,900</u>	<u>- 26.9</u>
TOTAL	\$274,897,200	\$283,814,900	\$278,079,900	\$278,079,900	\$278,079,900	\$3,182,700	1.2%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
FED	12.00	54.00	54.00	54.00	54.00	42.00
PR	1,006.10	6.00	1,157.70	1,157.70	1,157.70	151.60
SEG	<u>118.00</u>	<u>1,270.70</u>	<u>117.00</u>	<u>117.00</u>	<u>117.00</u>	<u>- 1.00</u>
TOTAL	1,136.10	1,330.70	1,328.70	1,328.70	1,328.70	192.60

Budget Change Items

Departmentwide, Veterans Programs, and Museums

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Reduce funding by \$2,034,400 (-\$37,300 FED, -\$1,943,600 PR and -\$53,500 SEG) in 2013-14 and by \$2,106,800 (-\$37,300 FED, -\$1,943,600 PR and -\$125,900 SEG) in 2014-15 and delete 2.00 SEG positions, beginning in 2014-15, to reflect the following standard budget adjustments: (a) turnover (-\$441,600 PR and -\$82,700 SEG annually); (b) removal of noncontinuing items (-\$254,000 PR and -\$36,000 FED in 2013-14 and -\$254,000 PR, -\$36,000 FED and -\$72,400 SEG and -2.00 SEG positions in 2014-15); (c) full funding of continuing position salaries and fringe benefits

	Funding	Positions
FED	-\$74,600	0.00
PR	- 3,887,200	0.00
SEG	<u>- 179,400</u>	<u>- 2.00</u>
Total	-\$4,141,200	- 2.00

(-\$4,531,700 PR, -\$1,300 FED and \$8,100 SEG annually); (d) overtime (\$1,092,500 PR annually); (e) night and weekend differential pay (\$2,191,200 PR); (f) full funding of lease and directed move costs (\$21,100 SEG annually); and (g) minor transfers within the same appropriation (\$0 PR annually).

2. TRANSFERS TO THE VETERANS TRUST FUND [LFB Paper 690]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Veto</u> <u>(Chg. to Leg.)</u>	<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Funding</u>	<u>Positions</u>
GPR-Transfer	\$5,300,000		\$0			\$5,300,000	
PR-Transfer	0		10,000,000		- \$10,000,000	0	
SEG-REV	5,300,000		10,000,000		- 10,000,000	5,300,000	
PR	-\$207,266,200	- 1,151.70	\$207,266,200	1,151.70		\$0	0.00
SEG	<u>207,270,700</u>	<u>1,151.70</u>	<u>- 213,270,700</u>	<u>- 1,151.70</u>		<u>- 6,000,000</u>	<u>0.00</u>
Total	\$4,500	0.00	-\$6,004,500	0.00		-\$6,000,000	0.00

Governor: Transfer funding and costs to the veterans trust fund (VTF) as follows.

General Fund Transfer. Transfer \$5,300,000 GPR from the general fund to the VTF in 2013-14.

Fund Veterans Homes from the Veterans Trust Fund. Convert \$102,415,300 PR and 1,151.70 PR positions in 2013-14 and \$104,840,100 PR and 1,151.60 PR positions in 2014-15 to SEG appropriations and positions so that the veterans homes would be funded from the VTF, rather than from PR appropriations, beginning in 2013-14.

Convert current appropriations for the operations of the veterans homes, veterans home cemetery operations, and a debt service appropriation for housing services provided at the veterans homes from PR to SEG, supported by the VTF. Renumber these appropriations.

Specify that all of the following revenues, which are currently credited to the PR appropriation for the operations of the veteran homes, instead be deposited to the VTF: (a) federal aid received for the care of veterans; (b) payments from residents; (c) personal funds residents have authorized the veterans homes to receive, hold, and account; (d) medical assistance payments; (e) gifts, grants, and bequests for the purposes of maintenance, restoration, preservation, and rehabilitation of the veterans cemeteries; and (f) payments for housing services provided at the veterans homes and the Northern Wisconsin Center for the Developmentally Disabled. Create three PR appropriations to fund programs, aids, and local assistance from moneys DVA receives from other agencies and from transfers within DVA for the purposes for which they were received.

These provisions would enable DVA to use surplus revenue from the veterans homes to fund other VTF-funded programs.

Mortgage Loan Repayment Fund. Transfer \$3,412,500 SEG and 35.20 SEG positions in 2014-15 from the mortgage loan repayment fund (MLRF) to the VTF to reduce expenditures from the MLRF that are not used for bond payments. Beginning in 2014-15, transfer administrative costs and positions that are currently supported from the veterans trust fund for the administration of loans (-\$158,200 SEG and -1.75 SEG positions) and program revenue that supports the operation of DVA's skilled nursing facility at Union Grove (-\$10,800 PR and -0.10 PR position) to a general program operations appropriation funded from the mortgage loan repayment fund (\$173,500 SEG and 1.85 SEG positions in 2014-15).

Joint Finance/Legislature: Modify the bill as follows.

Revenue and Funding Changes. Delete all of the Governor's recommended changes relating to the veterans trust fund and mortgage loan repayment fund, with the exception of the funding transfer from the general fund. Convert \$102,415,300 SEG and 1,151.70 SEG positions in 2013-14 and \$104,840,100 SEG and 1,151.70 SEG in 2014-15 to PR appropriations and positions so that the veterans homes would continue to be funded from PR appropriations, rather than from the veterans trust fund, beginning in 2013-14. Increase funding by \$10,800 PR in 2014-15 and reduce funding by \$15,300 SEG to reflect net changes in the bill relating to the mortgage loan repayment fund.

In addition, make permanent the session law provisions included in 2011 Wisconsin Act 32 that authorized transfers from appropriations that support the veterans homes to the VTF with the approval of the Joint Committee on Finance under a 14-day passive review process. Authorize similar transfers from appropriations that support the veterans homes to the mortgage loan repayment fund.

Finally, transfer \$10,000,000 from the unallocated program revenue balance of the appropriation that supports operations of the veterans homes to the veterans trust fund in 2013-14.

Funding for the Personal Loan Program. Delete base funding for the personal loan program (-\$3,000,000 SEG annually) to reflect that DVA does not anticipate making new loans under the program in the 2013-15 biennium.

Report. Require DVA to submit to the Committee, by June 30 of every even-numbered year, a report describing the current condition of the veterans trust fund, the fund's projected revenues and expenditures, and any program changes implemented since the biennial budget act that are expected to affect the fund's revenues, expenditures, or balances.

Veto by Governor [J-53]: Delete the provision requiring transfers from the veterans homes operations appropriations to the VTF to take place on June 30 of each fiscal year and a requirement that any transfer is subject to approval of the Joint Committee on Finance under a 14-day passive review. In addition, delete the \$10,000,000 revenue transfer from the veterans homes appropriations to the veterans trust fund in 2013-14.

The following table shows a condition statement for the veterans trust fund under Act 20.

**Estimated Veterans Trust Fund Revenues, Expenditures and Balances
Act 20**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
July 1 Balance	\$19,777,000	\$10,764,700	\$4,776,500
Revenues			
Current Sources	\$4,934,000	\$4,227,800	\$3,720,400
GPR Transfer to the Veterans Trust Fund	<u>0</u>	<u>5,300,000</u>	<u>0</u>
Total Available	\$24,711,000	\$20,292,500	\$8,496,900
Budgeted Expenditures			
Department of Veterans Affairs	\$13,946,300*	\$15,016,000	\$14,327,600
Department of Workforce Development -- Veterans Employment Grant Program	<u>0</u>	<u>500,000</u>	<u>500,000</u>
Total Budgeted Expenditures	\$13,946,300	\$15,516,000	\$14,827,600
June 30 Balance	\$10,764,700	\$4,776,500	-\$6,330,700

* Includes an estimated lapse of \$3,000,000 from amounts budgeted for the personal loan program.

[Act 20 Sections: 766m, 801f, and 9249(1)]

[Act 20 Vetoed Sections: 801f and 9249(2e)]

3. TRIBAL COLLEGE REIMBURSEMENT PROGRAM [LFB

PR	\$810,000
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Paper 691]

Governor: Provide \$405,000 annually from tribal gaming revenues to fund a new tuition reimbursement program for veterans that attend tribal colleges.

Definitions. Define "tribal college" to mean either the College of the Menominee Nation or Lac Courte Oreilles Ojibwa Community College. Define "tuition" to include the amount charged to a student to enroll in a degree credit course, but not fees of the cost of room and board, books, supplies or equipment.

Application and Eligibility. Provide that any veteran enrolled in a tribal college may apply to DVA for tuition reimbursement, on a form prescribed by DVA. Specify that the application would contain information, as determined by DVA, establishing the applicant's eligibility for tuition reimbursement.

Provide that a veteran is eligible for tuition reimbursement if he or she meets all of the following conditions: (a) the veteran is enrolled as a member of a federally-recognized American Indian tribe or band in the state; (b) the veteran's annual household income does not exceed \$50,000 plus \$1,000 for each dependent in excess of two dependents; (c) the veteran is a

resident of the state at the time of application; (d) the veteran was a resident at the time of his or her entry into service or was a resident of the state for any consecutive 12-month period after entry into service and before the date of application, with the provision that if a veteran meets the 12-month residency requirement, DVA could not require the veteran to reestablish that he or she meets that residency requirement when he or she later applies for any other state veterans benefit for which that residency requirement applies; and (e) the veteran does not have a bachelor's or higher degree from an institute of higher education.

Benefits. Require DVA to reimburse qualified applicants the total amount of the applicant's tribal college tuition. Funding for this purpose would be supported with tribal gaming revenue from the same appropriation that funds tribal veterans services offices, which would be modified to reflect the creation of this program.

Provide that if, in any fiscal year the total amount of reimbursement payments exceeds the money available, DVA would be required to prorate the available moneys among the applicants for reimbursement in proportion to the approved reimbursement amounts.

Limitations. Prohibit DVA from reimbursing a veteran for more than the following number of credits or semesters at a tribal college: (a) if a veteran served on active duty, except services on active duty for training purposes, for 90 to 180 days, 30 credits or two semesters; (b) if the veteran served on active duty, except service on active duty for training purposes, for 181 to 730 days, 60 credits or four semesters; (c) if the veteran served on active duty, except service on active duty for training purposes, for more than 730 days, 120 credits or eight semesters, except that, for courses a veteran begins later than 10 years after the veteran's separation for service, DVA may not reimburse a veteran for more than 60 credits or four semesters.

Prohibit DVA from providing reimbursement to a veteran who is delinquent in child support or maintenance payments or who owes past child support, medical expenses, or birth expenses, as established by appearance of the veteran's name on the statewide support lien docket, unless the veteran provides DVA with one of the following: (a) a repayment agreement that the veteran has entered into, that has been accepted by a county child support agency, and has been kept current for the six-month period immediately preceding the date of the application; and (b) a statement that the veteran is not delinquent in child support or maintenance payments and does not owe past support, medical expenses, or birth expenses, signed by the Department of Children and Families or its designee within seven working days before the date of application.

Prohibit DVA from providing reimbursement for any semester in which the veteran is eligible for, or received, educational benefits as a National Guard member, off-duty training or education for Reserve members, or benefits under DVA's tuition reimbursement program. Similarly, prohibit a National Guard member from receiving educational benefits from the Department of Military Affairs for any semester that he or she receives tuition reimbursement under the new program.

Prohibit DVA from providing reimbursement for any semester in which the veteran fails to receive at least a 2.0 grade point average or an average grade of "C."

Direct DVA to reduce the reimbursement amount by any amount of any grant or scholarship the veteran receives specifically for the payment of college tuition.

Rules. Require DVA to promulgate rules to implement these provisions. Authorize DVA to promulgate these rules as emergency rules, without providing evidence that the emergency rule is necessary for the preservation of the public peace, health, safety, or welfare, or without providing a finding of emergency for the rule. Provide that these emergency rules would remain in effect until July 1, 2014, or the date on which permanent rules take effect, whichever is sooner.

The funding in the bill reflects the administration's estimates that approximately 30 veterans at Lac Courte Oreilles Ojibwa Community College near Hayward would receive an average reimbursement of approximately \$4,500 per academic year (\$135,000), and that approximately 45 veterans at the College of the Menominee Nation in Keshena and Green Bay would receive an average reimbursement of approximately \$6,000 per year (\$270,000).

Joint Finance/Legislature: Delete the provision that would require that a veteran be enrolled as a member of a federally-recognized American Indian tribe or band in Wisconsin to be eligible for tuition reimbursement while enrolled in a tribal college.

[Act 20 Sections: 410, 773, 2159, and 9149(2)]

4. GRANTS TO ORGANIZATIONS THAT SERVE VETERANS [LFB Paper 692]

SEG	\$476,000
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Governor: Provide \$238,000 annually to increase support for organizations that serve veterans, and modify statutory provisions relating to grants as follows.

Grants to Federally-Recognized Veterans Services Organizations. Modify the formula DVA must use in awarding grants to federally-recognized veterans service organizations by creating two categories of grantees: (a) those with paid salary and travel expenses of up to \$119,999 in the previous year, which would receive grants equaling 50% of the amounts paid; and (b) those with salary and expenses of \$120,000 or more in the previous year, which would receive a grant of \$70,000. Require these organizations to maintain records, as required by DVA, concerning the organizations' expenditures of the payments, and give DVA access to those records upon request of DVA to permit DVA to audit those records. Specify that these changes would first apply to an application for payment that DVA receives from state veterans services organizations on the bill's general effective date.

Currently, there are four categories of grantees: (a) grantees with expenses up to \$2,499, which are reimbursed their total expenses; (b) grantees with expenses from \$2,500 to \$9,999, which are reimbursed \$2,500; (c) grantees with expenses from \$10,000 to \$119,999, which are reimbursed an amount equal to 25% of their expenses; and (d) grantees with expenses of \$120,000 or more, which are reimbursed \$30,000. These organizations (currently, the American Legion, Disabled American Veterans, the Military Order of the Purple Heart, and the Veterans of Foreign Wars) assist Wisconsin veterans with obtaining federal veterans benefits.

Grants for the Operation of Camp American Legion. Authorize DVA to annually grant up to \$50,000 to the Wisconsin Department of the American Legion for the operation of Camp American Legion. Modify a current DVA grants appropriation to authorize these payments.

Camp American Legion, located on Big Carr Lake near the City of Tomahawk, provides rest, relaxation, recuperation and rehabilitation to Wisconsin veterans of all ages, active duty military service members and their families. The camp serves Wisconsin veterans and active duty service members with physician documented physical or psychological illnesses, injuries or disabilities, as well as active duty military who have recently returned from a deployment, and families who have recently lost service members.

Grant to the Wisconsin Department of Disabled American Veterans (DDAV). Increase, from \$100,000 to \$120,000, the amount DVA is required to provide to the DDAV for the provision of transportation services to veterans. Require DDAV to maintain records, as required by DVA, concerning its expenditure of the state grant, and to give DVA access to those records upon request of DVA, permitting DVA to audit the records to ensure that DDAV is using the grant funds to provide transportation services to veterans.

Joint Finance/Legislature: Adopt the Governor's recommendations, with the following modifications: (a) transfer the funding increase for grants provided to the Wisconsin Department of Disabled American Veterans from the appropriation that supports grants to veterans service organizations to the appropriation that supports transportation grants; (b) repeal the current appropriation that supports the \$10,000 grant to Camp American Legion and transfer base funding from that appropriation to another appropriation that the bill would modify for this purpose; and (c) correct the placement of the initial applicability section as it relates to grants provided to veterans service organizations so that it references the Department of Veterans Affairs, rather than the Department of Military Affairs.

Finally, permit, rather than require, DVA to award grants to federally-recognized veterans service organizations, based on the revised funding formula in the bill.

[Act 20 Sections: 413, 413e, 516, 774k thru 783, 9249(1L), and 9349(1L)]

5. GRANTS TO TRIBAL VETERAN SERVICES OFFICES [LFB Paper 693]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$201,200	-\$103,600	\$97,600

Governor: Provide \$100,600 annually to increase, from \$8,500 to \$15,000, the maximum annual grant amount DVA may provide to support tribal veterans services offices (TVSO). Authorize DVA to make these payments from its SEG appropriation that supports the other grants described under this item, in addition to a current PR appropriation supported with tribal gaming revenue. Base funding for these grants is \$61,200 PR (tribal gaming revenues).

Joint Finance/Legislature: Reduce funding in the bill by \$51,800 SEG annually so that \$110,000 (\$61,200 PR and \$58,200 SEG) would be available annually to support 11 TVSO grants, budgeted at the maximum of \$10,000 per grant.

[Act 20 Sections: 413 and 813]

6. GRANT TO VETRANSFER INC. [LFB Paper 694]

SEG	\$500,000
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Governor/Legislature: Provide \$500,000 in 2013-14 for DVA to provide as a one-time grant to VETTransfer, Inc. (VETTransfer), an organization that provides training and other assistance to veterans engaged in entrepreneurship. Modify an appropriation that currently funds assistance to needy veterans to also fund the grant to VETTransfer.

Start-Up Grants. Require VETTransfer to grant at least \$300,000 of the state grant to pay for costs associated with the start-up of a business located in Wisconsin that a veteran owns. Provide that these grants may only be made to veterans who are Wisconsin residents or to businesses owned by veterans who are state residents.

Entrepreneurship Training. Require VETTransfer to use up to \$200,000 to provide entrepreneurial training and related services to veterans who are state residents.

Reporting Requirement. Require VETTransfer to submit to the Secretary of DVA, the Governor, and the Secretary of Administration a report annually by March 1, until 2018, or one year following the sunset date established by DVA for when VETTransfer may no longer expend moneys from the grant.

Require the report to include the following: (a) the most recent financial statement for VETTransfer; (b) a detailed description of the criteria VETTransfer used to determine who received a grant during the previous year; (c) a verified statement describing in detail grants VETTransfer made to veterans' business start-up costs or veterans' entrepreneurial training during the previous year, which must be signed by an independent certified public accountant and the director or principal officer of VETTransfer, so as to attest to the accuracy of the verified statement; and (d) a summary of all investments and grants of any kind that VETTransfer made during the previous year.

Provide that, for each award VETTransfer made during the previous year, the verified statement that VETTransfer is required to include in its annual report must include the following information for each grant awarded: (a) the name and address of the grant recipient and the name and address of the start-up business; (b) the names and addresses of all of the start-up business's owners, including an identification of the business's owners who are veterans, and, if the grant recipient was a business other than the start-up business, the names and addresses of the grant recipient's owners, including an identification of the business's owners who are veterans; (c) the names and addresses of the start-up business's board of directors and key management employees and, if the grant recipient was a business other than the start-up business, the names and addresses of the grant recipient's board of directors and key management employees; (d) a description of the nature of the start-up business; (e) any information the grant recipient

submitted to VETransfer to apply for the grant; (f) the amount of the grant and the date VETransfer awarded the grant; and (g) a statement of the number of employees the start-up business employed on January 1 of the previous year and the number of employees the start-up business employed on December 31 of the previous year.

Records. Require VETransfer to maintain records, as required by DVA, concerning its expenditures of the \$500,000 grant, and provide DVA access to those records upon DVA's request, and authorize DVA to audit those records to ensure compliance with the requirements of the grant.

Program Termination. Prohibit VETransfer from expending any of the grant after June 30, 2017, or a later date established by DVA. Require VETransfer to pay the Secretary of the Department of Administration, for deposit in the general fund, any of the \$500,000 it receives but does not expend by June 30, 2017, or by a later date established by DVA.

[Act 20 Sections: 412 and 788]

7. TRANSFER VETERANS EMPLOYMENT PROGRAM FROM DWD [LFB Paper 695]

	Funding	Positions
FED	\$6,212,000	37.00

Governor: Increase funding by \$3,106,000 annually and provide 37.00 positions, beginning in 2013-14, to reflect the transfer of two federally funded programs -- the disabled veterans' outreach program and the local veterans' employment representative program -- from the Department of Workforce Development (DWD) to DVA. Under the disabled veterans' outreach program, DWD employs specialists to carry out intensive services to meet the employment needs of eligible veterans. The local veterans' employment representative program provides outreach to employers to assist veterans in gaining employment and to facilitate employment, training and placement services for veterans. A complete description of this item is summarized under "Workforce Development."

Joint Finance/Legislature: Adopt the Governor's recommendations, but budget funding for the program in the federal appropriation that supports veterans programs and assistance, rather than a federal appropriation that supports the costs of caring for nursing home residents at the veterans homes.

8. EXECUTIVE STAFF ASSISTANT AND OUTREACH FOR THE JOINT WISCONSIN HISTORY MUSEUM

	Funding	Positions
SEG	\$332,000	1.00

Governor/Legislature: Provide \$156,800 in 2013-14 and \$175,200 in 2014-15 to fund: (a) 1.00 position, beginning in 2013-14, to serve as an executive staff assistant for the Wisconsin Veterans Museum (\$56,800 in 2013-14 and \$75,200 in 2014-15); and (b) outreach activities for the Joint Wisconsin History Museum (\$100,000 annually).

The additional position would provide administrative support to the museum's director, permitting management staff to spend more time planning and implementing the relocation of materials to a joint museum with the State Historical Society and to a new Joint Preservation

Storage Facility, and to address projected future workload increases as a result of these new facilities.

The outreach activities that would be funded from this item include: (a) the development and maintenance of a website for the project; (b) the development and use of traveling exhibits for presentations to a variety of groups; and (c) the development of video productions, printed materials, and signage.

9. VETERANS MUSEUM OPERATIONS

GPR	- \$1,400
SEG	<u>254,000</u>
Total	\$252,600

Governor/Legislature: Provide \$113,200 SEG and \$140,800 SEG to fund: (a) projected increases in rent, property tax and utility costs for the Wisconsin Veterans Museum (\$70,500 in 2013-14 and \$98,100 in 2014-15); (b) additional limited-term employee staff for the museum gift store (\$17,700 annually); and (c) the replacement of smoke detection units and the repair and replacement of exhibit furniture (\$25,000 annually). In addition, reduce base supplies and services funding for the operation of the veterans museum by \$700 GPR annually.

10. JOINT PRESERVATION STORAGE FACILITY [LFB Paper 696]

	<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>
SEG	\$208,200	2.00	-\$168,600	-2.00	\$39,600	0.00

Governor: Provide \$95,100 in 2013-14 and \$113,100 in 2014-15 and 2.00 two-year project positions, to assist staff in documenting, cataloging, and moving items from the Wisconsin Veterans Museum (WVM) to the Joint Preservation Storage Facility (JPSF). This item also includes funding to support limited-term employees to support the WVM's archives section (\$7,300 annually) and funding to purchase enclosures for prints and posters, archival quality boxes, shelf lining, artifact mounts, and packing material (\$11,500 in 2013-14 and \$5,300 in 2014-15).

The JPSF is a partnership between the Department of Administration, the State Historical Society (SHS), and the WVM that, once constructed, will house SHS and WVM collections. DVA expects to begin moving materials to the new Madison facility in 2015.

Joint Finance/Legislature: Delete the 2.0 two-year project positions recommended by the Governor. Reduce funding by \$70,500 in 2013-14 and by \$98,100 in 2014-15.

11. MILITARY FUNERAL HONORS [LFB Paper 697]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$165,200	- \$609,000	- \$443,800
SEG	<u>0</u>	<u>609,000</u>	<u>609,000</u>
Total	<u>\$165,200</u>	<u>\$0</u>	<u>\$165,200</u>

Governor: Convert the military funeral honors appropriation from a biennial appropriation to a sum sufficient appropriation. Increase funding for military funeral honors by \$82,600 annually to fully fund projected program costs. Combined with base funding (\$221,900), \$304,500 would be budgeted for the program in each year of the biennium.

Under the program, DVA provides stipends of up to \$50 to veterans organizations that perform military funeral honors for deceased veterans and deceased persons who served under honorable conditions in any national guard or in a reserve component of the U.S. armed forces.

Joint Finance/Legislature: Modify the bill by deleting all GPR funding in the bill for the program, including annual base funding (-\$221,900 GPR) and the annual funding increase recommended by the Governor (-\$82,600 GPR). Instead, fund the program with a new SEG sum sufficient appropriation, supported by the veterans trust fund. Consequently, \$304,500 SEG would be budgeted for the program annually.

[Act 20 Sections: 409c and 802m]

12. WAIVE RECREATION FEES FOR QUALIFIED VETERANS AND RESIDENT SERVICE MEMBERS SEG \$30,000

Governor/Legislature: Provide \$15,000 annually for DVA to pay the Department of Natural Resources (DNR) an amount that equals the total of hunting and fishing license fees and charges that would be waived under the Governor's proposal to offer, without charge, certain hunting and fishing licenses to qualifying veterans. Authorize DVA to make these reimbursement payments from an appropriation that currently supports the veterans assistance program. Require DNR to waive state park admission sticker requirements for resident service members on Veterans Day and the three-day weekend of Memorial Day. Also provide one-time exemptions of state park and trail annual pass fees for resident service members.

A complete description of these proposals is summarized under "Natural Resources -- Fish, Wildlife and Recreation" and "Natural Resources -- Forestry and Parks."

13. VETERANS ASSISTANCE PROGRAM GPR - \$14,200

Governor/Legislature: Repeal a GPR appropriation that supports the veterans assistance program (-\$7,100 GPR annually). The program provides transitional housing and support services to homeless veterans and veterans who are at risk of becoming homeless and is

primarily supported by federal per diem payments, the veterans trust fund, and revenue contributed by veterans participating in the program.

Specify that eligibility requirements relating to residency that generally apply for individuals to receive benefits from DVA do not apply to persons who wish to receive services under the veterans assistance program. Federal law prohibits states from establishing residency requirements for federally-funded veterans assistance programs. The bill would modify the statutes to conform to DVA's current practice.

Delete obsolete statutory provisions that: (a) until June 30, 2009, required DVA to provide the Governor and the Legislature with an annual report of the number of veterans that were referred to the U.S. Veterans Administration hospitals, hospital centers, or other health care facilities as a result of telemedicine facilities; and (b) required DVA to provide \$15,000 annually in 2007-08 and 2008-09 to the Center for Veterans Issues, Ltd., of Milwaukee to provide outreach services to homeless veterans with post-traumatic stress disorder.

[Act 20 Sections: 408, 784, and 785]

14. POSITION CLASSIFICATIONS [LFB Paper 698]

Governor: Increase the number of unclassified division administrator positions (as defined in the statutes) from 3.0 positions to 4.0 positions and repeal a provision that makes the commandants of the Veterans Homes unclassified positions. The Division Administrator for the Division of Veterans Homes would be converted from an unclassified to a classified position and the agency's chief legal counsel and public information officer positions would become unclassified positions.

Specify that the incumbent employees holding the unclassified commandant positions and the incumbent employee holding one of the current division administrator positions on the bill's general effective date be appointed to comparable classified service positions in DVA as determined by the DVA Secretary. Require the Administrator of the Division of Merit Recruitment in the Office of State Employment Relations to waive the requirement for a competitive examination with respect to these classified positions and to certify the incumbent employees for appointment to the classified positions. Require the Administrator to determine the probationary status for these positions, except that the employees would receive credit toward his or her probationary period for the time the employee had been employed in any unclassified position immediately prior to appointment.

The following table lists all of the current unclassified positions in the agency and the unclassified positions DVA would be authorized under the bill.

<u>No. of</u> <u>Positions</u>	<u>Position Title</u>
Current Unclassified Position Authority	
1.00	Department Secretary
1.00	Deputy Secretary
1.00	Executive Assistant
	Division Administrators
1.00	Division of Veterans Homes
1.00	Division of Veterans Benefits
1.00	Division Administrator (Undesignated and Vacant)
	Commandants
1.00	Veterans Home at King
<u>1.00</u>	Veterans Home at Union Grove
8.00	Total -- Current Law
Governor's Recommendations	
1.00	Department Secretary
1.00	Deputy Secretary
1.00	Executive Assistant (Assistant Deputy Secretary)
	Division Administrators
1.00	Division of Veterans Benefits
1.00	Chief Legal Counsel
1.00	Public Information Officer
<u>1.00</u>	Division Administrator (Undesignated and Vacant)
7.00	Total -- Governor's Recommendations

Joint Finance/Legislature: Reduce the statutory number of unclassified division administrator positions DVA is authorized by one to delete an undesignated, vacant position. As this position is not included in the agency's base funding or position authorization, there is no funding or position reduction relating to this item. Instead, the statutes would conform to the agency's total number of funded, authorized unclassified positions.

[Act 20 Sections: 2008 and 9149(1)]

15. REQUEST OF DISCHARGE RECORDS BY SIBLINGS

Governor: Define "duly authorized representative" to include the adult sibling of a veteran for the purposes of disclosing information in separation documents evidencing a veteran's service in the U.S. armed forces in the case that no person is authorized to act for the veteran, no guardian or legal representative has been or will be appointed, and the veteran is unmarried.

Under current law, when a veteran has not authorized a person in writing to act for the veteran, the veteran is adjudicated incompetent and does not have a guardian, or the legal representative of the veteran is deceased, and for proper reason no representative has been or will be appointed, the veteran's spouse, an adult child, or, if the veteran is unmarried, either parent of the veteran may be recognized as the duly authorized representative.

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

Veterans Homes, Cemeteries, and Memorials

1. STAFFING AT THE VETERANS HOME AT KING [LFB Paper 700]

	Funding	Positions
PR	\$11,299,100	110.60

Governor/Legislature: Provide \$4,856,700 in 2013-14 and \$6,442,400 in 2014-15 and 110.60 positions, beginning in 2013-14, to increase staff at the Veterans Home at King. This item includes funding to support: (a) 25.00 registered nurse (RN) positions to enable the Home to staff one RN per nursing unit per shift; (b) 20.90 certified nursing assistant positions (CNAs) annually to increase staff- to- resident ratios; (c) 36.70 CNAs to reduce staff overtime costs and costs of contracted staff; (d) 12.00 food service workers to provide dining room services (6.00 positions) and to reduce overtime costs incurred by current food service staff (6.00 positions); and (e) 16.00 other types of positions, including 3.00 assistant directors of nursing, 1.00 respiratory therapist, 1.00 social worker, 1.0 advanced practice nurse prescriber position to provide mental health services to residents, 1.0 cook, 2.00 custodians, 1.00 electronics technician, 0.50 security officer (a conversion of LTE funding), 4.50 program assistants to serve as unit clerks (4.00 positions) and to provide billing services (0.50 position), 0.50 pay and benefits specialist, and 0.50 resident counselor.

2. STAFFING AT THE VETERANS HOME AT UNION GROVE [LFB Paper 701]

	Governor		Jt. Finance/Leg.		Net Change	
	(Chg. to Base)		(Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$4,064,800	40.00	\$541,700	0.00	\$4,606,500	40.00

Governor: Provide \$1,749,100 in 2013-14 and \$2,315,700 in 2014-15 to support 40.00 additional positions, beginning in 2013-14, for the Veterans Home at Union Grove. This item includes 38.00 positions for the operation of Gates Hall as a skilled nursing facility (SNF), including: 19.50 certified nursing assistants, 5.50 registered nurses, 6.0 licensed practicing nurses, 4.00 housekeepers, 1.00 laundry position, 1.00 minimum data set coordinator, and 1.00 dietitian. In addition, the bill would provide funding to support 1.0 security supervisor and 2.0 half-time security officers to patrol campus and operate the front desk after normal business hours.

Gates Hall was originally constructed as a residential care apartment complex, but was closed in July, 2011, because insufficient demand for these types of beds prevented DVA from operating the facility near its occupational capacity. In October, 2012, construction began to convert Gates Hall into a SNF. Gates Hall is expected to begin operation as a SNF in June, 2013.

Joint Finance/Legislature: Increase funding in the bill by \$541,700 in 2013-14 to fund positions for the operations at Gates Hall beginning July 1, 2013, rather than beginning October 1, 2013, as budgeted in the bill.

3. FULL FUNDING FOR THE VETERANS HOME AT CHIPPEWA FALLS

PR	\$2,350,000
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Governor/Legislature: Provide \$1,180,000 in 2013-14 and \$1,170,000 in 2014-15 to fund the difference between the estimated total costs of operating the Veterans Home at Chippewa Falls (\$7,968,400 in 2013-14 and \$7,956,400 in 2014-15) and base funding available for this purpose (\$6,790,400 annually). This item also transfers two positions from the Veterans Home at Union Grove to the Veterans Home at Chippewa Falls, with no net fiscal effect.

The Veterans Home at Chippewa Falls is a 72-bed facility that opened in February, 2013, and is operated under contract by Health Dimensions Group. The funding in the bill is based on contract costs of approximately \$270 per resident per day and the assumption that all 72 beds will be occupied in each year of the 2013-15 biennium. In addition to the per diem payments to Health Dimensions Group, funding is budgeted to support certain costs of operating the facility that are not part of the contract, such as administration, maintenance and equipment replacement, municipal services fees, and debt service costs (\$867,800 in 2013-14 and \$871,800 in 2014-15).

4. PATIENT LIFTS AND RESTORATION OF FUNDING FOR MASTERLEASE PAYMENTS

PR	\$603,600
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Governor/Legislature: Provide \$283,400 in 2013-14 and \$320,200 in 2014-15 to fund the purchase of patient lifts at the Veterans Home at King and to maintain funding for masterlease payments for furniture previously purchased for the Veterans Home at King.

New Patient Lifts. Provide \$29,400 in 2013-14 and \$66,200 in 2014-15 to fund estimated costs of masterlease payments DVA would incur to finance the replacement of 100 patient lifts at the Veterans Home at King. The Department indicates that 100 of its 169 floor-style lifts are fully depreciated and have reached the end of their ten-year safe mechanical life. Staff use lifts to transport residents to and from their beds without risking injuries to themselves. It is assumed that the last masterlease payment for this equipment purchase would be made in September, 2021.

Previous Furniture Purchases. Provide \$254,000 annually to restore funding for masterlease payments for previous furniture purchases that were budgeted as one-time expenses in 2011 Wisconsin Act 32, but will continue until September, 2016. Under a standard budget adjustment ("removal of noncontinuing elements from the base"), this funding is deleted.

5. COLLECTION SPECIALIST POSITION

	Funding	Positions
PR	\$100,900	1.00

Governor/Legislature: Provide \$43,000 in 2013-14 and \$57,900 in 2014-15 to fund 1.00 collection specialist position, beginning in 2013-14, to increase

collection efforts at the Veterans Homes and reduce bad debt.

6. MAINTAIN NURSING HOME BED ASSESSMENT EXEMPTION FOR VETERANS HOMES

Governor/Legislature: Provide that a Wisconsin veterans home is exempt from paying the nursing home bed assessment, which is currently \$170 per licensed bed per month. This provision would make permanent the exemption that was enacted as part of 2011 Wisconsin Act 32 for the 2011-13 biennium only.

Act 32 exempted DVA from paying the assessment in the 2011-13 biennium and reduced DVA's budget by \$1,862,500 PR annually to reflect that DVA would not make bed assessment payments to the Department of Health Services (DHS) in the 2011-13 biennium. All nursing home assessment revenue DHS collects is deposited to the MA trust fund, which provides a non-GPR funding source for the state's share of MA benefit costs. Consequently, Act 32 increased GPR funding for MA benefits by \$1,715,600 in 2011-12 and by \$1,813,500 in 2012-13 to replace the assessment revenue DHS did not collect from DVA in the current biennium.

It is estimated that if DVA were no longer exempt from the bed assessment, revenues to the MA trust fund would increase by approximately \$1,940,000 per year (951 licensed beds x \$170 per month x 12 months), resulting in a reduction in the need for a corresponding amount of GPR to support MA benefits costs.

DVA is required to establish private pay rates at its nursing homes that are based on the actual cost of care the homes provide. These costs include DVA's cost of paying the assessment. DVA estimates that if its nursing homes were not exempted from the assessment in the 2013-15 biennium, it would need to increase private pay rates at the homes by approximately \$2,200 annually to recover the costs of paying the assessment. DVA estimates that there will be approximately 104 private pay members at the home in each year of the 2013-15 biennium.

[Act 20 Section: 790]

7. ELIGIBILITY CHANGES FOR VETERANS HOMES AND VETERANS CEMETERIES [LFB Paper 702]

Governor: Make the following changes relating to residency requirements and priority for admission to the state's veterans homes ("membership") and eligibility for burial at the veterans cemeteries.

Membership to the Veterans Homes. Currently, DVA is required to administer a priority system for membership, under which veterans have first priority, spouses have second priority, surviving spouses have third priority, and parents of veterans have fourth priority. In addition, an applicant who is a veteran must be a state resident. However, there is no residency requirement for spouses. Further, a surviving spouse or a parent of a veteran is eligible if he or she has been a resident for the 12 months preceding his or her application for admission.

The bill would repeal current residency requirements for membership, and replace them with a priority system such that, within each group (veterans, spouses, surviving spouses, and parents), priority would be given in the following order: (a) to persons who are residents at the time of application and who have been residing in the state continuously for more than six months; (b) to persons who were residents on the date of application and have been residing in the state for six months or less; and (c) to persons who are not residents on the date of application.

In addition, the bill would: (a) permit parents of service members who die while in service to be eligible for membership; and (b) specify that veterans, spouses, surviving spouses, and parents do not have to be residents of this state on the date of application to be eligible for membership.

These provisions apply to applications received by the veterans homes on the bill's general effective date.

Action on Applications. Currently, DVA is required to act on applications for membership based on the date the veterans home receives the application, except in cases where there is an immediate need for physical care or economic assistance.

The bill would define "physical care" to include skilled rehabilitation services following a hospital stay that meets the qualifications for Medicare reimbursement.

Eligibility for Burial at the Veterans Cemeteries. Currently, eligibility for burial at a veterans cemetery is based on a combination of requirements that does not include whether the person was a member of a veterans home. The current burial eligibility requirements include whether: (a) the person died while on active duty in the U.S. armed forces; (b) the person was honorably discharged or discharged or released under conditions other than dishonorable; (c) the person was a resident of the state when he or she entered the service or when he or she died; (d) the person resided in the state for at least 12 consecutive months before his or her death or after entering service on active duty; and (e) in the case of the death of a spouse or dependent child of a person on active duty or discharged or released from active duty under honorable conditions, the person was a resident at the time of entry into active service or the child or spouse was a resident.

The bill would: (a) create a provision that would make veterans home members eligible for burial at the veterans cemeteries; (b) require DVA to maintain a waiting list for each of the veterans cemeteries when processing applications for burial plots; and (c) require DVA to give priority to state residents on each waiting list.

Joint Finance/Legislature: Adopt the Governor's recommendations. In addition, clarify that admissions regarding spouses, surviving spouses, and parents include the Veterans Home at Chippewa Falls, in addition to the veterans homes at King and Union Grove.

[Act 20 Sections: 765, 791, 793 thru 801, 803 thru 806, and 9349(1)]

8. VETERANS HOME RESIDENT CARE NEEDS

Governor/Legislature: Delete a reference to chronic alcoholism, drug addiction, psychosis, and active tuberculosis as care needs that qualify a veteran or a veteran's spouse, surviving spouse, or parent for admission to the Veterans Homes at King, Union Grove, and Chippewa Falls. Under current law, in order to be admitted to a veterans home, an individual must have care needs that the veterans home is able to provide within the resources allocated for the care of members of the veterans home, including chronic alcoholism, drug addiction, psychosis, or active tuberculosis. This item would remove the reference to these specific conditions.

[Act 20 Section: 792]

9. MANAGEMENT OF VETERANS HOME MEMBERS' PERSONAL FUNDS

Governor: Authorize the Secretary of DVA or the Secretary's designee to receive, disburse, and account for the personal funds of members of the Veterans Homes at King, Union Grove, and Chippewa Falls. Currently, members may authorize in writing a veterans home to receive, hold, and account for the member's personal funds. However, under current law, only the commandant of each veterans home may perform these duties.

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

10. CEMETERY STAFFING

Governor/Legislature: Provide \$169,700 in 2013-14 and \$222,300 in 2014-15 to support 5.0 additional positions, beginning in 2013-14, to staff the Southern Wisconsin Veterans Memorial Cemetery near Union Grove (\$164,000 in 2013-14 and \$216,600 in 2014-15) and to support an additional limited-term employee at the Northern Wisconsin Veterans Memorial Cemetery near Spooner (\$5,700 annually).

	Funding	Positions
FED	\$392,000	5.00

11. DEBT SERVICE REESTIMATE [LFB Paper 164]

Governor/Legislature: Reduce funding by \$6,815,400 (-\$299,700 GPR, \$275,900 PR, and -\$6,791,600 SEG) in 2013-14 and by \$8,113,600 (-\$316,000 GPR, \$517,500 PR, and -\$8,315,100 SEG) in 2014-15 to reflect reestimates of debt service payments for DVA facilities.

GPR	- \$615,700
PR	793,400
SEG	- 15,106,700
Total	- \$14,929,000

12. BOARD APPROVAL OF VETERANS MEMORIALS

Governor/Legislature: Modify the authority of the Board of Veterans Affairs to approve, recommend, and veto proposed plans, modifications and changes or policies with respect to state memorials by limiting this authority to proposals for which DVA estimates implementation costs for an established or future state memorial will exceed \$25,000. Provide that this change would

first apply to proposals that are presented to the Board on the bill's general effective date.

[Act 20 Sections: 808 thru 812, and 9349(2)]

13. TASK FORCE ON THE FUTURE OF THE VETERANS HOMES

Joint Finance/Legislature: Create a task force to provide recommendations to the Governor and the Legislature relating to future operations of the veterans homes.

Specify that the task force would be chaired by the Secretary of DVA, or his or her designee, and include two representatives each from DVA, the Department of Administration, the Department of Military Affairs, the Department of Health Services, and the Department of Corrections, with each member appointed by the Secretary of his or her agency (or the Adjutant General of the Department of Military Affairs).

Require the task force to conduct a study to explore future operations of the veterans homes, including a 20-year operational plan that would include recommendations to improve coordination between agencies and to deliver services in the most cost-effective manner.

Require the task force to address the following proposals and issues in its study: (a) the hiring of an operational manager that would have management responsibilities for the King, Union Grove, and Chippewa Falls campuses; (b) the expansion of the skilled nursing facilities operated by DVA; (c) the use of property on these sites for DMA's Challenge Academy program; (d) the expansion of the veterans cemeteries; (e) the construction of correctional facilities to house incarcerated veterans; (f) the expansion of DOA's authority to develop and implement proposals for the future development of the sites; and (g) any other proposals or issues that the task force wishes to address.

Require the task force to submit the report to the Legislature by July 1, 2014, or one year after the bill's general effective date, whichever is later.

[Act 20 Section: 9149(2q)]

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over	
						Base Year Doubled Amount	Percent
GPR	\$65,581,200	\$73,623,000	\$35,274,400	\$35,274,400	\$35,274,400	- \$30,306,800	- 46.2%
FED	40,000,000	0	0	0	0	- 40,000,000	- 100.0
SEG	<u>48,378,400</u>	<u>54,378,400</u>	<u>20,276,300</u>	<u>20,276,300</u>	<u>20,276,300</u>	<u>- 28,102,100</u>	<u>- 58.1</u>
TOTAL	\$153,959,600	\$128,001,400	\$55,550,700	\$55,550,700	\$55,550,700	- \$98,408,900	- 63.9%

FTE Position Summary
As an Authority, there are no state positions for the Wisconsin Economic Development Corporation.

Budget Change Items

1. FUNDING OVERVIEW

Under the bill, as introduced by the Governor, WEDC would have been appropriated \$128 million for the 2013-15 biennium. Under 2013 Act 20, a total of \$118.6 million would either be appropriated directly to WEDC or placed in the Joint Committee on Finance supplemental appropriations as shown in the following table and described in the following entries.

Economic Development Corporation Related Appropriations

	Governor		Legislature			
	WEDC		WEDC		Jt. Finance Supplemental	
	<u>FY 14</u>	<u>FY 15</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 14</u>	<u>FY 15</u>
GPR	\$35,111,500	\$38,511,500	\$35,274,400	\$0	\$3,750,000	\$39,024,700
SEG	<u>26,189,200</u>	<u>28,189,200</u>	<u>20,276,300</u>	<u>0</u>	<u>0</u>	<u>20,276,000</u>
Total	\$61,300,700	\$66,700,700	\$55,550,700	\$0	\$3,750,000	\$59,300,700

2. INCREASED FUNDING FOR MARKETING AND SEED CAPITAL [LFB Papers 710 and 711]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$10,900,000	-\$19,073,900	-\$8,173,900
SEG	<u>6,000,000</u>	<u>2,173,900</u>	<u>8,173,900</u>
Total	\$16,900,000	-\$16,900,000	\$0

Governor: Provide \$3,750,000 GPR in 2013-14 and \$7,150,000 GPR in 2014-15 primarily for increased marketing activities. In addition, provide increased expenditure authority of \$2,000,000 SEG in 2013-14 and \$4,000,000 SEG beginning in 2014-15 primarily for the capital catalyst and seed accelerator programs. The source of SEG funding is the economic development fund.

WEDC marketing activities include starting the "In Wisconsin" branding campaign, paid media and Internet advertising, website development, videos, and related materials that promote the benefits of starting, expanding, or locating a business in Wisconsin. The WEDC marketing budget is \$2 million in 2012-13.

The WEDC seed accelerator program provides grants to communities and eligible organizations to start a pre-seed business model program that includes training, mentoring, and financial assistance to entrepreneurs in their area. The program must be managed by an experienced entrepreneur and the grant recipient must provide matching funds equal to the grant. Up to \$50,000 in grant funds can be used for accelerator start-up costs, and up to \$250,000 must be used to provide direct grants of between \$15,000 and \$50,000 to companies participating in the accelerator program.

The capital catalyst program provides grants of \$100,000 to \$250,000 to communities and eligible organizations that have existing seed funds or the ability to establish such funds. A match equal to the amount of grant must be provided. Grant recipients can use the WEDC funds to make grants, and debt and/or equity investments in start-up, early stage, and/or innovative businesses in the area. At least one-third of grant funds must be used to make grants ranging from \$1,000 to \$15,000 in local businesses.

The increased SEG funding reflects increased economic development surtax collections (\$27.5 million in 2011-12).

Joint Finance/Legislature: Modify provisions as follows:

- a. Transfer \$3,750,000 GPR in 2013-14, and delete \$3,400,000 GPR and transfer \$3,750,000 GPR in 2014-15 that was provided for increased marketing activities to the Joint Committee on Finance's GPR supplemental appropriation. Require WEDC to submit a plan, for Committee approval, specifying the extent to which marketing expenses may be funded with existing funds, rather than requiring additional GPR funding.

b. Reduce GPR funding in the WEDC operations and programs appropriation by \$4,087,100 in 2013-14 and \$4,086,800 in 2014-15, and provide the same amount of economic development SEG (an increase to the bill of \$2,087,100 in 2013-14 and \$86,800 in 2014-15).

[Act 20 Section: 9150(1q)(b)2.]

3. PERMANENT GPR REDUCTIONS

GPR	- \$2,858,200
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Governor/Legislature: Delete \$1,429,100 GPR annually in the Corporation's GPR appropriation, similar to permanent base level reductions recommended for many state agencies.

4. DELETE CDBG FUNDING

FED	- \$40,000,000
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Governor/Legislature: Delete \$20,000,000 FED annually to reflect establishing administrative responsibility for the federal small cities community development block grant (CDBG) with the Department of Administration (DOA).

Prior to 2011 Wisconsin Act 32, the Department of Commerce was the state's designated recipient of federal funding for the small cities Community Development Block Grant (CDBG) program. Under Act 32, Commerce was eliminated, and expenditure authority for CDBG funds was provided to the Corporation. However, the federal Department of Housing and Urban Development (HUD) designated the Department of Administration (DOA) as the state's designated recipient of CDBG funds with authority to administer the program. This provision zeroes-out the WEDC continuing expenditure authority estimate for federal funds to reflect establishment of program authority for the CDBG program with DOA.

5. TRANSFER CAPITAL GAINS EXCLUSION/DEFERRAL CERTIFICATION

Governor/Legislature: Transfer responsibility for certifying new business ventures and Wisconsin-based businesses as eligible for targeted capital gains tax benefits from WEDC to DOR, effective for taxable years beginning after December 31, 2013. [See "General Fund Taxes -- Income and Franchise Taxes."]

6. TAX CREDIT MODIFICATIONS

Governor/Legislature: Make a number of modifications to tax credit programs that are administered, in part, by WEDC. Programs affected would include the Jobs, Economic Development, Angel Investment, Enterprise Zone, and other tax credits, and are described under "General Fund Taxes -- Income and Franchise Taxes."

7. ECONOMIC DEVELOPMENT SURCHARGE

GPR	\$16,000,000
SEG	- 16,000,000
Total	- \$0

Joint Finance/Legislature: Eliminate the economic development

surcharge for farms, partnerships, and individuals, beginning in tax year 2013, and replace the foregone surcharge revenues with general purpose revenue. Provide \$8,000,000 GPR in 2013-14 and 2014-15, and reduce SEG funding by the same amounts (the second year funding would be placed in the Joint Finance Committee supplemental appropriation).

[Act 20 Sections: 1501d thru 1501s, and 9337(2u)]

8. CORPORATION OPERATIONS REFORM

GPR	- \$35,274,700
SEG	- 20,276,000
Total	- \$55,550,700

Joint Finance/Legislature: Adopt the following provisions relating to the operations of WEDC in response to the Legislative Audit Bureau (LAB) May, 2013, audit of the Corporation:

a. Transfer \$35,274,700 GPR and \$20,276,000 SEG in 2014-15 from WEDC to the Joint Committee on Finance's GPR and SEG supplemental appropriations. WEDC would be required submit a report to the Joint Committee on Finance that includes information indicating that the Corporation is complying with the recommendations of the LAB included in the May, 2013, audit of WEDC, and the chief executive officer of WEDC would have to appear before the Committee at the second quarterly meeting in fiscal year 2013-14 under s. 13.10 of the statutes (December, 2013). The Committee would be authorized to release the funding based on the CEO's testimony, and the information included in the report if it finds WEDC is complying with the audit recommendations.

b. Specify that WEDC may not establish a nonprofit organization unless the CEO of WEDC submits a request to the Joint Committee on Finance for approval, detailing the specific provisions of any proposal to create any nonprofit foundation or corporation, and to appear at the Committee meeting where the request is considered.

c. Require, beginning in 2014, the WEDC Board to have an annual independent audit conducted of the Corporation's financial statements for the previous fiscal year, and submit the audit report to the Joint Legislative Audit Committee, and the chief clerk of each house of the Legislature, for distribution to the Legislature.

d. Require all employees of WEDC to be subject to state ethics laws, and to file an annual statement of economic interest.

e. Require the WEDC Board to adopt procurement policies and procedures that specify all of the following: (1) when the Corporation is required to publicly solicit proposals from multiple vendors of goods or services; (2) how WEDC is to evaluate proposals from multiple vendors; and (3) how the Corporation is to assess any potential conflicts of interest a vendor may have if the vendor sells goods or services to WEDC.

f. Require that the annual report submitted to the Joint Legislative Audit Committee and the Legislature include: (1) an accounting of the location, by municipality, of each job created or retained in the state in the previous fiscal year as a result of the program; (2) an accounting of the industry classification, by municipality, of each job created or retained as a result of the program; (3) the amount of tax benefits allocated and verified under the program;

and (4) the recipients of tax benefits allocated and verified under the program.

g. Require the WEDC Board of Directors to require, in the contract with each recipient of a grant or loan of \$100,000 or more, from a WEDC economic development program, the recipient to submit to WEDC a schedule of expenditures of the grant or loan funds signed by the director or principal officer of the recipient that attests to the accuracy of the schedule of expenditures. Also, specify that the Board must require the recipient to prepare a schedule of any grant or loan expenditures, including any cash or in-kind match, within 120 days after the end of the fiscal year in which the final grant or loan expenditures were made. In addition, the recipient would be required to engage a certified public accountant to perform appropriate, agreed-upon procedures to determine whether the recipient expended the grant or loan funds in accordance with the grant or loan contract. The agreed-upon procedures would have to be performed in accordance with applicable professional standards of the American Institute of Certified Public Accountants. Recipients would be required to make the schedule of grant or loan expenditures available for inspection.

h. Require WEDC to provide the following reports to the Joint Legislative Audit Committee: (1) by October 1, 2013, the status of the Corporation's efforts to comply with; (a) creating all required economic development program rules; (b) stipulating contractually that all recipients of grants and loans of \$100,000 or more must provide WEDC with a verified financial statement describing how the funds were spent and ensuring that recipients submit the verified financial statements; (c) developing at least one expected result for each of the goals of all economic development programs that it administers; (d) ensuring that recipients of economic development grants and loans submit the contractually required progress reports; (e) annually verifying the performance information reported by the recipients of a sample of grants and loans; and (f) ensuring the annual economic development report presents clear, accurate, and complete information on each program's results; and, (2) by October 1, 2013, the status of all outstanding economic development loans for which it was responsible from January 2013 through September 2013, including the number and outstanding balance of loans it amended, the number and outstanding balance of loans it forgave, the number and outstanding balance of loans it referred to the Department of Justice for collection proceedings, and the number and outstanding balance of loans it wrote off.

[Act 20 Sections: 193o, 193q, 2055k thru 2055x, and 9150(1q)]

9. AIRCRAFT COMPANY JOB CREATION AND RETENTION GRANTS

Joint Finance: Provide \$2,000,000 economic development fund SEG in 2013-14 and 2014-15 in the Joint Committee on Finance's Supplemental SEG appropriation for an aircraft maintenance and repair company grant program to be administered by the Wisconsin Economic Development Corporation (WEDC). The program would have to be used to provide grants to companies included in the 2007 North American Industry Classification System (NAICS) as aerospace product and parts manufacturing or support activities for air transportation companies that create or retain jobs in the state. WEDC would be required to submit, to Joint Finance, a plan and policies for awarding grants that ensure grant recipients are retaining and/or creating jobs. The Committee would be required to approve the plan and policies, before releasing the

funds to WEDC. Grant contracts would be required to include requirements that grant recipients provide the Corporation with documentation and other financial statements of grant expenditures, and with quarterly reports with information related to job creation and retention as determined by the Corporation. Contracts would also be required to include penalties for noncompliance. WEDC would be required to report to the Committee by January 1, 2015, on the amount of grants awarded and jobs created or retained as a result of the grant program.

Assembly/Legislature: Delete provision.

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Budget Change Items

1. EXEMPT INTEREST INCOME ON CERTAIN WHEFA BONDS OR NOTES FROM TAXATION

Governor/Legislature: Exempt interest income received on bonds or notes issued by WHEFA from taxation under the individual income tax, the corporate income and franchise tax, and the income tax on insurance companies if the following applies: (a) the bonds or notes are issued for the benefit of a person who is eligible to receive the proceeds of bonds or notes from another entity for the same purpose for which the bonds or notes are issued by WHEFA; and (b) the interest income received from bonds or notes issued by another entity for the same purpose would be exempt from taxation. Specify that exemption would first apply to tax years beginning on January 1, 2013.

[Act 20 Sections: 1298, 1373, 1419, and 9337(3)]

2. FINANCING FOR NONPROFIT INSTITUTIONS

Governor/Legislature: Authorize WHEFA to issue bonds to finance any nonprofit facility project undertaken by a nonprofit institution and to refinance the debt of any nonprofit institution. Define "nonprofit institution" as a nonprofit entity that undertakes financing of a project or refinancing of debt, excluding entities already authorized to receive financing from WHEFA. Define "nonprofit entity" as an entity described under section 501(3)(c) of the federal tax code that is exempt from federal income tax. Specify that the intent and purpose of this authority is to provide needed nonprofit facilities and necessary or needed services for the benefit of the people of this state. Under current law, WHEFA may issue bonds to finance projects undertaken by, or to refinance the debt of, health, education, and research institutions.

[Act 20 Sections: 2018 thru 2055]

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$0	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	N.A.
PR	<u>0</u>	<u>0</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>0</u>	<u>0</u>	N.A.
TOTAL	\$0	\$2,500,000	\$6,000,000	\$6,000,000	\$2,500,000	\$2,500,000	N.A.

FTE Position Summary
There are no authorized state positions for the Wisconsin Housing and Economic Development Authority.

Budget Change Items

1. **WISCONSIN DEVELOPMENT RESERVE FUND** [LFB

GPR	\$2,500,000
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Paper 720]

Governor: Provide \$2.5 million GPR to the Wisconsin Development Reserve Fund (WDRF) in 2013-14. The WDRF supports guarantees on agricultural and small business loans issued by participating lenders, as well as WHEDA costs of administering the programs. The fund is required by statute to maintain a reserve of \$1 for every \$4.50 in outstanding guarantees, up to a total outstanding guarantee limit of \$49.5 million. This equates to a minimum fund balance of \$11 million for the maximum authorized amount of outstanding guarantees. The WDRF and its predecessors have received approximately \$18.4 million in net appropriations from GPR and other state funds since the creation of the first loan guarantee programs in 1985. The last appropriation or transfer of state funds into the WDRF occurred in 1997-98, and the WDRF currently receives most of its income from various application, origination, closing and servicing fees on guaranteed loans, as well as from investment income on fund balances. Should a borrower default on a WDRF-guaranteed loan, the WDRF would make payment to the lender for a specified percentage of the outstanding loan amount following disposition of any assets held as collateral.

The funding, which would be on a one-time basis in 2013-14, is intended primarily to support lending to small businesses in targeted areas of Milwaukee under the Transform

Milwaukee initiative. Transform Milwaukee, as proposed by the Governor and WHEDA in April, 2012, would provide at least \$100 million in WHEDA-administered financing over two years for economic development, multifamily housing, and single-family housing. This financing, consisting of such sources as WHEDA assets, tax-exempt bonds and federal affordable housing and economic development tax credits, is intended to generate at least an additional \$100 million in mostly private financing and expenditures. The initiative proposes to target funding to the 30th Street corridor, the Menomonee Valley, the Port of Milwaukee and the Milwaukee Aerotropolis, a multimodal transportation hub proposed for an area south of General Mitchell Airport. The \$2.5 million appropriation would be able to support up to \$11.25 million in additional loan guarantees, based on the 4.5:1 reserve ratio.

The appropriation would increase the WDRF balance, which has declined in recent years, and which WHEDA has projected to continue decreasing in the 2013-15 biennium. The WDRF balance was \$6.2 million as of June 30, 2012, with outstanding guarantees totaling \$23.5 million. Absent any other action, the fund balance would be estimated to decrease to perhaps \$3.9 million by June 30, 2014, and to perhaps \$2.6 million by June 30, 2015. These balances would support maximum outstanding guarantees of approximately \$17.8 million and \$11.8 million, respectively, which could result in significantly reduced guarantee activity, if any, in future years. To stabilize the WDRF and preserve guarantee authority, WHEDA and its board members approved in April, 2012, several fee increases and other changes to loan guarantee programs. These changes began taking effect May 1, 2012.

Joint Finance/Legislature: Adopt the Governor's recommendation. In addition, amend the statutory authorization for the WHEDA housing rehabilitation loan program to specify that amounts in the housing rehabilitation loan program administration fund not required for operation of the program are annually to be transferred, beginning in 2013, to the WDRF, instead of the state general fund.

The WDRF and the housing rehabilitation loan program fund each were begun using state appropriations as start-up funding. WHEDA reports as of March 31, 2013, the cash balance of the fund was approximately \$8.6 million. Although the housing rehabilitation loan program administration fund has not made a transfer to the general fund since 2000, the requirement to transfer funds to the WDRF would be intended to provide for future revenues to maintain the solvency of the WDRF.

[Act 20 Section: 2055d]

2. GRANTS FOR ELIMINATION OF BLIGHTED PROPERTIES

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg.)	Net Change
PR	\$3,500,000	-\$3,500,000	\$0

Joint Finance/Legislature: Direct WHEDA to make grants for the elimination of blighted, abandoned properties in the state. Provide \$3,500,000 in a program revenue continuing

appropriation, funded by the following transfers in 2013-14: (a) \$2,500,000 from discretionary settlement funds administered by the Attorney General; and (b) \$1,000,000 from settlement funds administered by the Department of Financial Institutions (DFI).

Funding under this provision would be expected to be administered in similar fashion to grants WHEDA made in 2012 under a program for the demolition of properties throughout the state that had been abandoned, such as those foreclosed upon due to loan default or property tax delinquency, and were considered a blight on the surrounding neighborhood. Applicants were required to be nonprofit organizations, municipalities or quasi-governmental entities that held free and clear title to the proposed property. Properties were required to be one- to four-unit residential structures. WHEDA awarded grants under the program totaling \$1,118,700 to governmental bodies and nonprofit organizations in 19 cities, with approximately 45% of the funding available (\$500,000) granted for property demolition in the City of Milwaukee. Grants were funded by Wisconsin's share of the 2012 National Mortgage Settlement, and included \$618,700 administered by WHEDA on behalf of DFI and \$500,000 administered on behalf of the Department of Justice (DOJ).

Veto by Governor [E-40]: Delete provision.

[Act 20 Vetoes Sections: 200 (as it relates to 20.490(1)(k)), 204b, 413m, 2055b, 9214(1L), and 9226(1L)]

3. PROPERTY TAX DEFERRAL LOAN ELIGIBILITY FOR VETERANS [LFB Paper 721]

Joint Finance/Legislature: Clarify statutory language providing that a veteran, as defined in s. 45.01 (12) (a) through (f), is eligible for the property tax deferral loan program administered by WHEDA. Further, specify that WHEDA may create policies and procedures to establish loan repayment terms, other than those under current law, for persons participating in the program as veterans and who have not attained age 65.

The property tax deferral loan program was created to allow persons age 65 or older, and with substantial equity in their homes, to take out loans against their home equity for cash to pay property taxes. The loans typically are repaid upon the sale of the property or upon the death of the participant. 2011 Act 32 extended eligibility for the program to veterans of any age, subject to other program provisions regarding minimum homeowner equity and maximum household income. However, WHEDA had not administered the program to allow for such eligibility for veterans due to what the Authority perceived as an unclear directive in the statutes. The provision is intended to clarify statutory language and also provide WHEDA administrative flexibility to require loan repayment for persons below age 65, who may otherwise have loans outstanding for longer periods than is currently customary under the program.

[Act 20 Sections: 2055e thru 2055i]

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$216,494,600	\$221,578,900	\$221,578,900	\$221,578,900	\$221,578,900	\$5,084,300	2.3%
FED	65,682,800	65,242,400	65,242,400	65,242,400	65,242,400	- 440,400	- 0.7
PR	<u>10,413,200</u>	<u>9,171,000</u>	<u>10,341,800</u>	<u>10,341,800</u>	<u>10,341,800</u>	<u>- 71,400</u>	- 0.7
TOTAL	\$292,590,600	\$295,992,300	\$297,163,100	\$297,163,100	\$297,163,100	\$4,572,500	1.6%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change Over 2012-13 Base
GPR	23.25	23.25	23.25	23.25	23.25	0.00
FED	28.75	28.75	28.75	28.75	28.75	0.00
PR	<u>11.00</u>	<u>6.00</u>	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>	<u>0.00</u>
TOTAL	63.00	58.00	63.00	63.00	63.00	0.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$114,700
FED	- 440,400
PR	<u>- 71,400</u>
Total	- \$397,100

Governor/Legislature: Adjust the base budget for: (a) full funding of continuing salaries and fringe benefits (-\$136,100 GPR, -\$39,200 FED, and -\$40,000 PR annually) and (b) full funding of lease and directed moves costs (\$190,200 GPR in 2013-14 and \$196,700 GPR in 2014-15, -\$181,800 FED in 2013-14 and -\$180,200 FED in 2014-15, and \$3,400 PR in 2013-14 and \$5,200 PR in 2014-15).

2. PERMANENT GPR REDUCTIONS

GPR	- \$30,400
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Governor/Legislature: Reduce funding by \$15,200 annually to implement the lapse provisions of 2011 Act 32 relating to reductions in base funding.

3. INCREASE STATE GENERAL AID [LFB Paper 725]

GPR	\$5,000,000
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Governor/Legislature: Provide \$5,000,000 in 2014-15 above annual base level funding of \$83,534,900 for state general aid for technical colleges.

4. PERFORMANCE BASED FUNDING [LFB Paper 725]

Governor: Require the System Board to establish a new formula for allocating general state aid to technical colleges, which would allocate funding based on each district's performance in the previous fiscal year in all of the following criteria: (a) the placement rate of students in jobs related to students' programs of study; (b) the number of degrees and certificates awarded in high-demand fields, and provide that the Board and Department of Workforce Development jointly determine, and revise as necessary, what constitutes high-demand fields; (c) the number of programs or courses with industry-validated curriculum; (d) the transition of adult students from basic education to skills training; (e) participation in dual enrollment programs; and (f) the workforce training provided to businesses and individuals. Specify that the determination of what constitutes high-demand fields would not be considered an administrative rule.

For the purposes of the new performance based formula, the bill would define dual enrollment programs to mean programs or courses of study that are designed to allow high school pupils to gain advanced standing in technical college districts' associate degree programs upon graduation from high school. Specify that it would include technical preparation and youth apprenticeship programs offered or developed jointly by school districts and technical colleges. The bill would define industry-validated curriculum to mean a curriculum that is developed with business or industry input and that is based on competencies and assessments that reflect the skills and knowledge necessary for a specific job or jobs within a specific type of business or industry.

Require the Board to submit a plan for making allocations pursuant to the new performance based funding formula to the Secretary of Administration, no later than December 31, 2013. The Secretary would approve or modify the plan or formula. Upon approval or modification, the Board would be required to administer the plan.

Beginning in 2014-15, in each fiscal year the Board would have to submit a report to the Secretary of Administration that describes how the amount appropriated as state general aid to technical colleges is allocated to each district under the plan for performance based funding. Require that the report describe all of the following: (a) the amount allocated to each district in the fiscal year under the formula administered under the plan; (b) the performance of each district with respect to each criterion required to be included in the performance based formula; (c) the methodologies used to make a district's allocation based on the district's performance on the criteria; (d) the performance of the technical college system as a whole with respect to each criterion of the formula; and (e) any other information used to administer the plan. Require the Board to make the report on allocations and performance available to the public. Require that each district board that maintains an Internet site make the report available to the public on the site. Require the Board to include in its biennial agency budget request any legislative proposals that the Board recommends that relate to the criteria specified to be included in the formula, or to

the plan or formula approved or modified by the Secretary of Administration.

In fiscal year 2014-15, require that 90% (\$79,681,400) of the total amount appropriated as general aid to technical colleges would be distributed according to the current law funding formula, which is based on property values and aidable costs. Require that the remaining 10% (\$8,853,500) would be distributed according to the new performance based formula. Provide that in each year following, an additional 10% of general aid would be distributed using the new formula, until in 2018-19, 50% of general aid would be distributed based on the current law formula, and 50% based on the performance based formula. In 2019-20 and each year thereafter, require that 100% of general aid would be allocated using the performance based funding formula.

Provide that, as under current law, the Board would be permitted to withhold, suspend, or reduce in whole or in part payment of state general aid to any district board whose program or educational personnel does not meet minimum standards set by the Board, or which violates Chapter 38 (the chapter governing the technical college system), or any rule promulgated by the Board.

Joint Finance/Legislature: Modify the Governor's recommendations to provide that each district board would be permitted to choose seven of nine total criteria on which to be measured for the purposes of receiving performance based funding. Provide that the percentage of general aids distributed under the proposed performance based funding formula would increase by 10% annually, until in 2016-17 and each fiscal year thereafter, 30% of funding would be distributed using the performance based funding formula. The remaining 70% would be distributed through the current general aid formula. Require that the System Board, in developing its plan for performance funding, would use three previous fiscal years of data for formula factors.

For the purposes of performance based funding, delete the proposed definition under the bill of "dual enrollment" programs and, instead, define them as programs or courses of study designed to provide high school students the opportunity to gain credits in both technical college and high school, including transcribed credit programs or other educational services provided by contract between a school district and a technical college. Modify the performance formula to add the following measures of performance: (a) the number of adults served by basic education courses, adult high school, or English language learning courses, courses that combine basic skills and occupational training as a means of expediting basic skills remediation, and the success rate of adults completing such courses; (b) participation in statewide or regional collaboration or efficiency initiatives; and (c) training or other services provided to special populations or demographic groups that can be considered unique to the district.

Require the System Board to submit a plan for making allocations pursuant to the new performance based funding formula to the Joint Committee on Finance under a 14-day passive review process, rather than to the Secretary of Administration. Upon approval, or modification and approval by the Committee, require the Board to administer the plan. Require the Board to submit the plan by March 31, 2014, rather than by December 31, 2013.

Veto by Governor [C-11]: Delete the phrase "and each fiscal year thereafter" from the

language providing that 30% of funding would be distributed using the performance based funding formula in 2016-17. Therefore, the veto would result in the portion of state funding distributed through the performance funding formula reverting to zero in 2017-18, barring future legislation.

[Act 20 Sections: 257, 641 thru 646, 648, and 1993]

[Act 20 Vetoed Section: 646]

5. GRANTS TO DISTRICT BOARDS [LFB Paper 726]

Governor: Delete \$21,874,200 in 2014-15 and delete 15 current categorical aid programs for technical college districts on July 1, 2014. Provide \$21,874,200 in 2014-15 in a new continuing appropriation for aids and grants to district boards, to consolidate current GPR grants into a single appropriation. The bill would also delete two GPR appropriations that are not currently used or funded, for: (a) basic skills instruction in jails and prisons; and (b) emergency medical technician training--state operations. The appropriations to be deleted and consolidated and their funding amounts are shown in the table below.

<u>GPR Grant</u>	<u>2013-14</u>	<u>2014-15</u>
<i>Proposed Appropriation</i>		
Grants to district boards	\$0	\$21,874,200
<i>Current Appropriations</i>		
Incentive grants	\$6,418,300	\$0
Health care education programs	5,395,500	0
Training program grants	3,970,000	0
Supplemental aid	1,418,200	0
Aid for special collegiate transfer programs	1,063,000	0
Displaced homemakers' program	805,300	0
Faculty development grants	786,700	0
Minority student participation and retention grants	583,300	0
Services for handicapped students--local assistance	378,200	0
Driver education--local assistance	304,400	0
School-to-work programs for children at risk	282,100	0
Chauffeur training grants	189,100	0
Farm training program tuition grants	141,800	0
Apprenticeship curriculum development	70,900	0
Technical college instructor occupational competency program	67,400	0
Basic skills grants	0	0
Emergency medical technician--basic training--state operations	0	0
Totals	\$21,874,200	\$21,874,200

Provide that, beginning in 2014-15, the WTCS Board could award grants to district boards from the new appropriation for activities the Board determines are related to the performance criteria specified under the bill for state general aid to technical colleges, described in the

preceding item. Require the Board annually submit a report to the Department of Administration that would describe how the moneys appropriated for grants to district boards would be distributed in the current fiscal year and the programs that the moneys would fund.

Beginning in 2014-15, the System Board would be permitted to award grants for any of the activities specified for categorical aid programs under current law, with the same matching requirements as under current law, where applicable. Two exceptions to this would be: (a) driver training courses; and (b) supplemental aid for interdistrict transfer payments for the net number of students attending a district who are residents of another district, after subtracting each district's residents who are attending programs in other districts. These two grant programs would be deleted as of July 1, 2014. In addition, it is unclear under the bill whether the Board would be authorized to expend moneys from the new grant appropriation for apprenticeship curriculum development. Provide that basic skills instruction in jails and prisons would be eligible for the consolidated grant program. The bill would delete grants received for basic skills instruction from the grant receipts that must be deducted from aidable costs for the purposes of state general aid.

Joint Finance/Legislature: Modify the Governor's recommendations to specify that: (a) the System Board could choose to make grant awards from the consolidated appropriation for the purpose of apprenticeship curriculum development; (b) require that the System Board submit its annual report on the consolidated grant program to the Joint Committee on Finance, and the appropriate standing committees of the Assembly and Senate, in addition to the Secretary of Administration; and (c) require the System Board, to the extent practicable, ensure that grants are awarded annually to all districts. Delete current law under the incentive grant program that requires that minimum grant totals of at least \$1,500,000 for adult literacy programs and \$100,000 for nurse training programs be awarded annually. Modify current law under training program (WAT) grants, to allow the System Board to award skills training grants, rather than requiring at least \$2,000,000 annually to be awarded for advanced manufacturing skills training. Finally, modify current law to include net costs and FTEs related to the Nicolet Area Technical College collegiate transfer program as aidable costs for the purposes of state general aid, beginning in 2014-15. Specify that the changes to incentive and training program grants first take effect on July 1, 2014.

[Act 20 Sections: 253 thru 256, 258 thru 271, 611 thru 614, 637 thru 640m, 647, 649 thru 659m, and 9443(1)]

6. DISTRICT BOARD LEVY LIMIT [LFB Paper 727]

Governor: Prohibit a technical college district board's tax levy in 2013 or in any year thereafter from increasing by a percentage that exceeds the district's valuation factor. For the purposes of this provision, define "valuation factor" to mean a percentage equal to the greater of zero percent or the percentage change in the district's January 1 equalized value due to the aggregate new construction, less improvements removed, in municipalities wholly located in the district between the previous year and the current year, as determined by the Department of Revenue. "Municipality" under this provision would mean a city, village, or town. Under current

law, for the purposes of the levy limit, "tax levy" excludes taxes levied for the purpose of paying principal and interest on valid bonds or notes.

Provide that, if a district board's allowable levy in 2013 or any year thereafter is greater than its actual levy in that year, then the limit otherwise applicable to the district board in the succeeding year is increased by the difference between the prior year's allowable levy and the prior year's actual levy, as determined by the Department of Revenue, up to a maximum increase of 0.5% of the actual levy in the prior year, if the district board approves the increase by a three-fourths vote.

Provide that the levy limit otherwise applicable in 2013 and thereafter would be increased by an amount equal to the amount of any refunded or rescinded property taxes paid by the district board in the year of the levy if the refunded or rescinded property taxes result in a redetermination of the district's equalized valuation by the Department of Revenue.

As under current law, for a district board to exceed the levy limit otherwise applicable to the district, the board is required to adopt a resolution supporting including in the final district budget an amount equal to the proposed excess levy. Within 10 days after adopting the resolution, the district board is required to notify the WTCS Board and submit a copy of the resolution to the Board, before calling a special referendum for the purpose of submitting the resolution to the electors of the district for approval or rejection. In lieu of a special referendum, the district board may specify that the referendum be held at the next succeeding spring primary or election or partisan primary or general election, if the election is to be held not sooner than 70 days after the filing of the resolution of the district board. Current law specifies the election must be at least 42 days after the filing of the resolution of the district board, but the bill would increase the minimum length of time to 70 days. The district board is required under current law to follow other current law statutory requirements for referenda and elections.

Under current law, if the WTCS Board determines that a district board imposed an excess levy, meaning an amount by which a district board's tax levy exceeds the limit imposed under these provisions, then the WTCS Board must do all of the following: (a) reduce the amount of state aid payments to the district board in the school year in which the district board imposed the excess levy by an amount equal to the amount of the excess levy; (b) ensure that the amount of any reductions in state aid lapses to the general fund; (c) ensure that the amount of the excess levy is not included in determining the limit for the following year; and (d) ensure that, if a district board's excess levy exceeds the amount of state aid that may be reduced, then the excess amount is subtracted from state aid payments in the following years until the total amount of the excess levy is subtracted from state aid payments.

Joint Finance/Legislature: Delete the specification that a municipality be "wholly" located in a technical college district to be included in the district's valuation factor. Require that, for the purpose of calculating the valuation factor, if a municipality is located in two or more districts, the Department of Revenue would apportion the value of net new construction in the municipality proportionately among the districts, based on the percentage of each municipality's equalized value located in each district.

[Act 20 Sections: 617, 618, and 619 thru 626]

7. REPEAL 1.5 MILL RATE LIMIT [LFB Paper 727]

Governor/Legislature: Repeal the 1.5 mill rate limitation on a technical college levy for purposes other than debt service. Specify that the change would first apply to the tax levy imposed in 2013. Under current law, property taxes levied by each technical college district for all purposes except debt service are limited to \$1.50 per \$1,000 (1.5 mills) of the district's equalized property valuation, which is referred to as the operational mill rate.

[Act 20 Sections: 616, 627, and 9343(1)]

8. INCREASE THE THRESHOLD FOR REFERENDUM APPROVAL OF CAPITAL EXPENDITURES

Joint Finance/Legislature: Provide that a district board could make a capital expenditure in excess of \$1,500,000, but not more than \$2,500,000, excluding moneys received from gifts, grants, or federal funds, for the acquisition of sites, purchase or construction, or lease/purchase of buildings, building additions or enlargements or the purchase of fixed equipment relating to any such activity, without referendum approval if the district board receives an equal amount of federal funds for the project. If a district board makes such a capital expenditure, the limit on capital expenditures for the same project in the succeeding two-year period would be reduced by the amount expended that exceeded that limit. The current law \$1,000,000 limitation on the use of reserve funds by the district board to finance capital expenditures over \$1,500,000, would not apply to a capital expenditure under this provision.

[Act 20 Sections: 615g and 615r]

9. USE OF LEVY FOR PAYMENTS ON NONCAPITAL NOTES

Joint Finance/Legislature: Provide that payments of principal and interest on "noncapital notes" issued on or after the effective date of the bill would not be exempted from levy limits. Define noncapital notes to mean a note issued by a district board for any purpose other than financing any capital project or equipment with a useful life of more than one year or refunding any municipal obligations or interest on municipal obligations. Other technical college district board debt service payments would continue to be excluded from levy limits, as under current law.

[Act 20 Sections: 618e, 618m, and 1277p]

10. CORE GENERAL EDUCATION COURSES TRANSFER AGREEMENT [LFB Paper 681]

Governor: Require the WTCS Board to enter into and implement an agreement with the UW System Board of Regents that identifies core general education courses totaling not fewer than 30 credits that will be transferable between and within each institution participating in the agreement. Define core general education courses as those courses generally required for an

undergraduate degree that are prerequisites or otherwise in addition to the courses required for an undergraduate degree in a specific course of study. Require that the agreement establish policies ensuring that, beginning in the 2014-15 academic year, credits for completing the courses identified by the agreement will be transferable without loss of credit towards graduation or toward completion of a specific course of study. Provide that the Wisconsin Association of Independent Colleges and Universities (WAICU), on behalf of its constituent institutions, and the governing boards of tribally-controlled colleges in this state may be parties to the agreement. Require the WTCS Board and the UW System Board of Regents to ensure that WAICU and the governing boards of the tribally-controlled colleges have the opportunity to participate in the agreement. Require the WTCS Board to submit an annual report to the Governor and the Legislature that describes the agreement and provides a summary of the Board's implementation of the agreement.

Joint Finance/Legislature: Delete the requirement that credits for completing the courses identified by the agreement be transferable without loss of credit toward graduation or toward completion of a specific course of study and, instead, require that those credits be transferable and satisfy general education requirements at the receiving institution or college.

[Act 20 Sections: 601 and 610]

11. ELIGIBILITY OF VETERANS FOR TUITION AND FEE REMISSIONS [LFB Paper 682]

Governor: Provide that a veteran who would otherwise be eligible to receive tuition and fee remissions but was not a resident of this state at the time of his or her entry into the Armed Forces would be eligible to receive tuition and fee remissions if he or she has been verified by the Department of Veterans Affairs (DVA) as being a resident of this state for at least five consecutive years. In addition, specify that the state from which a veteran entered service would be irrelevant in determining the veteran's state of residence at the time of entry into service. Under current law, a veteran is eligible to receive tuition and fee remissions if he or she has been verified by DVA as being all of the following: (a) a resident of this state for the purpose of receiving state veterans benefits; (b) a resident at the time of his or her entry into the Armed Forces; and (c) having qualifying military service.

The bill would also specify that a veteran must maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions. This requirement would apply beginning in the first semester after the effective date of the bill.

Joint Finance/Legislature: Modify the provision extending eligibility for tuition and fee remissions to veterans who have resided in this state for at least five consecutive years to specify that a veteran must have resided in this state for at least five consecutive years immediately preceding the beginning of any semester or session for which the veteran registers at a technical college to be eligible for a remission. In addition, delay the effective date of the requirement that a veteran maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions until the first semester beginning after January 1, 2014.

[Act 20 Sections: 634 thru 636, and 9343(2)]

12. ELIGIBILITY OF CHILDREN AND SPOUSES OF CERTAIN VETERANS FOR TUITION AND FEE REMISSIONS [LFB Paper 683]

Governor: Provide that the child, spouse, or unremarried surviving spouse of a deceased or disabled veteran who would be eligible for tuition and fee remissions under current law if the veteran had been a resident of this state at the time of his or her entry into the Armed Forces would be eligible to receive tuition and fee remissions if the veteran resided in this state for at least five consecutive years. In addition, specify that the state from which a veteran entered service is irrelevant in determining the veteran's state of residence at the time of entry into service. Under current law, the children and unremarried surviving spouse of a deceased veteran are eligible for tuition and fee remissions if the veteran: (a) was a state resident at the time of entry into the service; (b) served under honorable conditions; (c) either died on active duty, died on inactive duty for training purposes, or died as the result of a service-related disability; and (d) was a resident of this state at the time of death. The children and spouse of a disabled veteran are eligible for tuition and fee remissions if the veteran: (a) was a state resident at the time of entry into service; (b) served under honorable conditions; and (c) has been awarded at least a 30% service-connected disability rating by the U.S. Department of Veterans Affairs.

Eliminate the time limitations on the receipt of tuition and fee remissions by the spouses of disabled veterans and the unremarried surviving spouses of deceased veterans. Under current law, a spouse may only receive tuition and fee remissions during the first ten years after the eligible veteran received the service-connected disability rating and an unremarried surviving spouse may only receive tuition and fee remissions during the first ten years after the veteran died or the first ten years after the youngest child that the spouse had with the veteran reaches or would have reached 18 years of age.

The bill would also require that the spouse, unremarried surviving spouse, or child of an eligible veteran maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions. This requirement would apply beginning in the first semester after the effective date of the bill.

Joint Finance/Legislature: Delete the provision that would have extended eligibility for tuition and fee remissions to the child, spouse, or unremarried surviving spouse of a deceased or disabled veteran who has resided in this state for at least five consecutive years. In addition, delay the effective date of the requirement that the child, spouse, or unremarried spouse of an eligible veteran maintain a cumulative grade point average of at least 2.0 to remain eligible for tuition and fee remissions until the first semester beginning after January 1, 2014.

[Act 20 Sections: 629 thru 633, and 9343(2)]

13. EDUCATIONAL APPROVAL BOARD TRANSFER

	<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>
PR	- \$1,170,800	- 5.00	\$1,170,800	5.00	\$0	0.00

Governor: Delete \$585,400 annually with 5.0 PR positions and transfer the Educational Approval Board (EAB) from WTCS to the Department of Safety and Professional Services (DSPS). Renumber current statutory provisions from Chapter 38 (which governs the Wisconsin Technical College System) to Chapter 440 (which governs DSPS). Also transfer three EAB appropriations from WTCS to DSPS.

Provide that, on the effective date of the bill, the assets and liabilities of the WTCS Board primarily related to the functions of the EAB, as determined by the Secretary of Administration, would become the assets and liabilities of DSPS. Provide that all incumbent employees holding positions in WTCS performing duties primarily related to the functions of the EAB, as determined by the Secretary of Administration, would be transferred on the effective date of the bill to DSPS. Employees transferred would have all the rights and same status in DSPS that they enjoyed in WTCS immediately before the transfer. Specify that no employee so transferred who has attained permanent status in class would be required to serve a probationary period.

Provide that, on the effective date of the bill, all tangible personal property, including records, of WTCS that is primarily related to the functions of EAB, as determined by the Secretary of Administration, would be transferred to DSPS. Specify that all contracts entered into by WTCS in effect on the effective date of the bill that are primarily related to the functions of EAB, as determined by the Secretary of Administration, would remain in effect and would be transferred to DSPS. Provide that DSPS would carry out any obligations under such a contract, until the contract would be modified or rescinded by DSPS to the extent allowed under the contract.

Currently, EAB is a separate agency, responsible for the examination and approval of proprietary school programs, and attached to WTCS for administrative purposes. Under the bill, the Board would similarly be attached to DSPS for administrative purposes.

Joint Finance/Legislature: Delete provision.

WORKFORCE DEVELOPMENT

Budget Summary							
Fund	2012-13 Base Year Doubled	2013-15 Governor	2013-15 Jt. Finance	2013-15 Legislature	2013-15 Act 20	Act 20 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$49,227,000	\$51,774,100	\$77,863,200	\$77,863,200	\$77,863,200	\$28,636,200	58.2%
FED	413,855,800	388,758,700	388,758,700	388,758,700	388,758,700	- 25,097,100	- 6.1
PR	136,636,200	149,982,600	149,982,600	149,982,600	149,982,600	13,346,400	9.8
SEG	<u>59,940,200</u>	<u>134,504,700</u>	<u>61,504,700</u>	<u>61,504,700</u>	<u>61,504,700</u>	<u>1,564,500</u>	2.6
TOTAL	\$659,659,200	\$725,020,100	\$678,109,200	\$678,109,200	\$678,109,200	\$18,450,000	2.8%

FTE Position Summary						
Fund	2012-13 Base	2014-15 Governor	2014-15 Jt. Finance	2014-15 Legislature	2014-15 Act 20	Act 20 Change
						Over 2012-13 Base
GPR	126.46	143.46	142.46	142.46	142.46	16.00
FED	1,258.64	1,169.59	1,169.59	1,169.59	1,169.59	- 89.05
PR	257.41	251.71	252.71	252.71	252.71	- 4.70
SEG	<u>102.30</u>	<u>108.00</u>	<u>108.00</u>	<u>108.00</u>	<u>108.00</u>	<u>5.70</u>
TOTAL	1,744.81	1,672.76	1,672.76	1,672.76	1,672.76	- 72.05

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor/Legislature: Adjust the agency's base budget by -\$107,300 GPR, \$6,647,300 FED, -72.00 FED positions, \$87,400 PR, and -\$448,800 SEG in 2013-14, and -\$90,200 GPR, \$6,274,400 FED, -77.00 FED positions, \$134,600 PR, and -\$434,900 SEG in 2014-15. The adjustments are for: (a) turnover reduction (-\$188,000 GPR, -\$1,417,500 FED, -\$460,600 PR, -\$168,000 SEG annually); (b) removal of noncontinuing elements from the base (-\$449,900 FED and -72.00 FED positions in 2013-14 and -\$907,200 FED and -77.00 FED positions in 2014-15); (c) full funding of continuing position salaries and fringe benefits (-\$94,700 GPR, \$8,893,900 FED, and -\$495,100 SEG annually); (d) overtime

	Funding	Positions
GPR	- \$197,500	0.00
FED	12,921,700	- 77.00
PR	222,000	0.00
SEG	<u>- 883,700</u>	<u>0.00</u>
Total	\$12,062,500	- 77.00

(\$154,200 PR annually); (e) full funding of lease and directed moves costs (\$175,400 GPR, -\$379,200 FED, \$393,800 PR, and \$214,300 SEG in 2013-14, and \$192,500 GPR, -\$294,800 FED, \$441,000 PR, and \$228,200 SEG in 2014-15); and (f) minor transfers within the same appropriation.

2. REESTIMATE FED AND PR APPROPRIATIONS

FED	- \$36,838,800
PR	<u>15,042,800</u>
Total	- \$21,796,000

Governor/Legislature: Make adjustments of -\$19,060,800 FED and \$7,664,800 PR in 2013-14 and -\$17,778,000 FED and \$7,378,000 PR in 2014-15. The adjustments would more accurately align appropriated expenditure authority with the amount of revenue that DWD estimates will be deposited into those appropriations. The adjustments would also reflect the expected discontinuation of several federal funding sources. The adjustments recommended by the Governor are as follows:

<u>Appropriation</u>	<u>2013-14</u>	<u>2014-15</u>	
Workforce investment and assistance; federal moneys	-\$12,228,800	-\$11,070,700	FED
Equal rights; federal monies	-182,600	-182,600	FED
Unemployment insurance administration and bank service costs	-2,500,000	-2,600,000	FED
Unemployment administration; federal moneys	-3,738,400	-3,362,500	FED
Unemployment administration; apprenticeship and other employment services	-353,500	-353,500	FED
Indirect cost reimbursements	<u>-57,500</u>	<u>-208,700</u>	FED
Total FED	-\$19,060,800	-\$17,778,000	
Interagency and intra-agency agreements	\$8,904,700	\$8,904,700	PR
Local agreements	-1,526,700	-1,526,700	PR
Gifts and grants	<u>286,800</u>	<u>0</u>	PR
Total PR	\$7,664,800	\$7,378,000	

3. TRANSFER FACILITY DESIGN POSITION TO THE DEPARTMENT OF ADMINISTRATION [LFB Paper 110]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
PR	- 1.00	1.00	0.00

Governor: Transfer facility design responsibilities to DOA. Reduce DWD position authority by 1.00 annually associated with facility design functions in the Department. No reduction or reallocation in funding would be made associated with the reduced position authorization. Rather, the Department of Administration would be provided with 1.00 position, and authorized to assess a fee to agencies for facility design services.

Specify that the incumbent employee would be transferred to DOA, and retain civil service

rights and status enjoyed prior to the transfer. If the transferred employee has attained permanent status, the employee would not be required to serve a probationary period.

Transfer all assets and liabilities, tangible personal property, contracts and pending matters, as determined by the Secretary of DOA, related to facilities design from DWD to DOA.

[See "Administration -- Transfers" for additional information.]

Joint Finance/Legislature: Delete provision.

4. ATTACH WISCONSIN EMPLOYMENT RELATIONS COMMISSION TO DWD
[LFB Paper 265]

Governor: Require that the Wisconsin Employment Relations Commission (WERC) be attached to DWD. Under current law, WERC is an independent state agency. A separate item, summarized under "Employment Relations Commission," provides more detailed information concerning this provision.

Joint Finance/Legislature: Approve the Governor's recommendation. In addition, specify that WERC's budget must be transmitted by DWD to the Governor without change or modification, unless agreed to by the WERC Commissioners.

[Act 20 Section: 47]

Employment and Training

1. APPRENTICESHIP FUNDING

Governor/Legislature: Reduce funding by \$918,600 FED in 2013-14, \$1,810,000 FED in 2014-15, and eliminate 13.85 FED positions in 2014-15. Increase funding by \$1,810,000 GPR

and add 13.85 GPR positions in 2014-15 for the apprenticeship program. The reduced FED funding in 2013-14 would more accurately align appropriated expenditure authority with the amount of revenue that DWD estimates will be deposited in this appropriation. According to the Department, Wisconsin's apprenticeship program was funded with GPR prior to development of the 2003-05 biennial budget. The federal Reed Act provided a temporary source of federal money for job training programs such as the state apprenticeship program and, as a result, the Legislature shifted funding for the apprenticeship program from GPR to FED. Reed Act funds obligated for the apprenticeship program are expected to be depleted by the beginning of 2014-15. This provision would use GPR to replace the FED that will no longer be available in 2014-15.

	Funding	Positions
GPR	\$1,810,000	13.85
FED	<u>- 2,728,600</u>	<u>- 13.85</u>
Total	- \$918,600	0.00

2. VETERANS IN PIPING APPRENTICESHIP PROGRAM [LFB Paper 736]

	Funding	Positions
GPR	\$300,000	1.00

Governor/Legislature: Increase funding in DWD's general program operations appropriation by \$150,000 and add 1.0 position annually to support the Veterans in Piping apprenticeship program. The program provides three 18-week training programs for welding for eligible veterans, as well as persons currently serving as guard and reserve soldiers, sailors, marines, and airmen.

3. REDUCTION FOR LOCAL YOUTH APPRENTICESHIP

GPR	- \$249,600
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Governor/Legislature: Delete \$124,800 annually from the appropriation for local youth apprenticeship programs. The reduced funding would reflect a permanent base reduction equal to the lapse that occurred in the 2011-13 biennium.

4. TRANSFER THE DISABLED VETERANS' OUTREACH PROGRAM TO THE DEPARTMENT OF VETERANS AFFAIRS

	Funding	Positions
FED	- \$6,212,000	- 37.00

Governor/Legislature: Create the following nonstatutory provisions governing the transfer of the disabled veterans' outreach program and the local veterans' employment representative program from DWD to the Department of Veterans Affairs (DVA). Transfer \$3,106,000 and 37.00 positions, annually, from DWD to DVA.

Definitions

"Disabled veterans' outreach program" would mean the disabled veterans' outreach program, as described under federal law, which provides intensive services and facilitates placements to meet the employment needs of eligible veterans with the following priority for the provision of services: (a) special disabled veterans; (b) other disabled veterans; and (c) other eligible veterans in accordance with priorities determined by the Secretary of the federal Department of Labor (DOL) taking into account applicable rates of unemployment and the employment emphases described in federal law under the employment and training of veterans.

"Local veterans' employment representative program" would mean the disabled veterans' outreach program, as described under federal law, in which the state must employ, to the maximum extent practicable, qualified veterans or eligible persons to carry out the following services: (a) conduct outreach to employers in the area to assist veterans in gaining employment, including conducting seminars for employers and, in conjunction with employers, conducting job search workshops and establishing job search groups; and (b) facilitate employment, training, and placement services furnished to veterans in a state under the applicable state employment service delivery systems.

Approval by the DOL Secretary

DWD and DVA would be required to jointly prepare a plan for transfer of the administration of the disabled veterans' outreach program and the local veterans' employment representative program from DWD to DVA and would be required to submit that plan to the DOL Secretary for approval. If the DOL Secretary were to approve the plan, administration of those programs would be transferred from DWD to DVA in the manner described in the following section.

Program Transfers

Assets and Liabilities. On the effective date of the approval, the assets and liabilities of DWD that are primarily related to the disabled veterans' outreach program or the local veterans' employment representative program, as determined by the Secretary of Administration (DOA), would become the assets and liabilities of DVA.

Positions, Employees, and Employee Status. On the effective date of the approval, all positions and incumbent employees holding those positions in DWD that perform duties primarily related to these programs, as determined by the DOA Secretary, would be transferred to DVA. All transferred employees would have all the rights and the same status under laws governing state employment labor relations and laws governing state employment relations at DVA that they enjoyed at DWD immediately before the transfer. No transferred employee who has attained permanent status would be required to serve a probationary period.

Tangible Personal Property. On the effective date of approval, all tangible personal property, including records, of DWD that is primarily related to these programs, as determined by the DOA Secretary, would be transferred to DVA.

Pending Matters. Any matter pending with DWD on the effective date of approval that is primarily related to these programs, as determined by the DOA Secretary, would be transferred to DVA. All materials submitted to or actions taken by DWD with respect to pending matters would be considered to have been submitted to, or taken by, DVA.

Contracts. All contracts entered into by DWD in effect on the effective date of approval that are primarily related to these programs, as determined by the DOA Secretary, would remain in effect and would be transferred to DVA. DVA would be required to carry out any obligations under those contracts, unless modified or rescinded by DVA to the extent allowed under the contract.

Rules and Orders. All rules promulgated by DWD in effect on the effective date of the approval that are primarily related to these programs would remain in effect until their specified expiration dates, or until amended or repealed by DVA. All orders issued by DWD in effect on the effective date of approval that are primarily related to these programs would remain in effect until their specified expiration dates, or until modified or rescinded by DVA.

[Act 20 Section: 9151(2)]

5. EXTEND PROJECT POSITIONS

	Funding	Positions
FED	\$4,660,000	37.00

Governor/Legislature: Increase annual expenditure authority by \$2,330,000 and add 37.00 positions to extend current project positions that support reemployment services in the Division of Unemployment Insurance. These positions would be extended from their current expiration date of December 1, 2013, through December 1, 2015. DWD indicates that these positions would be funded from federal Reed Act monies.

6. WORKFORCE INFORMATION AND TECHNICAL SUPPORT POSITIONS [LFB Paper 739]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	\$255,700	2.00	\$0	- 1.00	\$255,700	1.00

Governor: Provide \$109,700 in 2013-14 and \$146,000 in 2014-15, and 2.00 positions, annually, in DWD's general program operations appropriation. The positions would be located in the Department's newly-created Bureau of Workforce Information and Technical Support, which would be created to manage a departmentwide labor market information and public information program. According to the administration, the positions are intended for one bureau director and one support staff.

Joint Finance/Legislature: Delete 1.00 position that was not funded under the Governor's recommendations.

Unemployment Insurance

1. SHARING OF CONFIDENTIAL INFORMATION [LFB Paper 559]

Governor/Legislature: Specify that DWD may, upon request of the Department of Revenue (DOR), provide information collected in administering unemployment insurance law, including social security numbers, concerning claimants to DOR for the purpose of administering state taxes, identifying fraudulent tax returns, providing information for tax-related prosecutions, or locating persons or the assets of persons who have failed to file tax returns, have underreported their taxable income, or are delinquent debtors. Current law prohibitions and penalties for permitting inspection or disclosure of an unemployment insurance record that is not authorized by DWD would apply to DOR.

[Additional information regarding these provisions can be found under "Revenue -- Tax Administration."]

[Act 20 Sections: 1718 and 1721]

2. SUITABLE WORK [LFB Paper 738]

Governor: Increase the work search requirement so that a claimant must generally conduct at least four reasonable search actions for suitable work during a week of unemployment to be eligible to receive unemployment insurance benefits for that week. Current law requires that a claimant generally must conduct two such searches to be eligible to receive benefits for that week. In addition, the bill would specify that an individual would have to register for work *as directed by the Department* to be eligible for benefits in a given week. According to the administration, this would provide DWD additional flexibility regarding how the registration requirement may be satisfied and could allow the Department to incorporate changes in technology into registration requirements. These provisions would first apply to weeks of unemployment beginning after publication of the budget bill.

Joint Finance/Legislature: Approve the Governor's proposal with a technical modification to specify that DWD may, by rule, require a claimant to perform more than four reasonable work search actions per week. In addition, specify that DWD must require a uniform number of reasonable work search actions for similar types of UI claimants.

[Act 20 Sections: 1716, 1717, and 9351(3q)]

3. SPECIAL ASSESSMENT FOR INTEREST PAYMENTS [LFB Paper 737]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	\$0	\$26,000,000	\$26,000,000
SEG	<u>74,000,000</u>	<u>- 74,000,000</u>	<u>0</u>
Total	\$74,000,000	- \$48,000,000	\$26,000,000

Governor: Increase expenditure authority by \$37,000,000 annually for the unemployment interest payments and transfers appropriation. The increased expenditure authority would more accurately align the appropriation amount with required interest payments to the federal government on the outstanding federal loan to the state's unemployment reserve fund (URF). Current law requires DWD to impose a special annual assessment on employers subject to the state's unemployment insurance law to pay for interest on the outstanding federal loan from the U.S. Treasury to the state's URF. The state paid the federal government \$42.3 million in 2011 and \$35.8 million in 2012; however, the appropriation was not modified to reflect this required expenditure. It is anticipated that the state will maintain a negative balance in the URF through the 2013-15 biennium, and the increased expenditure authority would more accurately reflect the estimated interest payments to the federal government over the biennium.

Joint Finance/Legislature: Eliminate the SEG funding recommended by the Governor. Instead, create a sum sufficient GPR appropriation called the interest on federal advances appropriation, not exceeding \$30 million, to pay interest on advances made by the federal government to the URF. Require DWD to first use these funds to make full payment of the amount due in any year, then use any unencumbered balance in the unemployment interest

payment fund, and then use available money received by the administrative account from interest and penalties to pay the federal government interest on advances to the URF. If these revenues are insufficient, DWD would have to assess employers for the remaining amount due by imposing the current law assessment on employers with taxable payrolls of more than \$25,000 in the prior year, in the manner described above. Estimate GPR expenditures for the interest payments at \$19,000,000 in 2013-14 and \$7,000,000 in 2014-15, based on a more recent forecast of the amount of interest that will be payable to the federal government over the biennium. These provisions would take effect on the first Sunday after publication of the bill, and would be repealed on July 1, 2015.

[Act 20 Sections: 375t, 375tm, 1720o, 1720q, 9451(1q), and 9451(1r)]

4. INTERFUND BORROWING

Joint Finance/Legislature: Authorize the Secretary of the Department of Administration to transfer up to \$50 million to the URF as an interest-free loan if the transfer would result in federal tax reductions for state employers, as outlined below.

Under the Joint Finance provisions, if the DWD Secretary determines that employers in this state that are subject to the federal unemployment tax could experience a lower tax rate if the state were to loan monies to the URF through interfund borrowing, the DWD Secretary would have to request the Secretary of DOA to make one or more transfers to the URF in the amount required to maintain a favorable federal tax experience for employers. The DWD Secretary could not request such a transfer if the outstanding balance of such transfers at the time of the request would exceed \$50 million. Whenever the DWD Secretary determines that the balance of the URF permits repayment of a transfer, in whole or in part, without jeopardizing the ability of DWD to continue to pay other liabilities and costs chargeable to the URF, the DWD Secretary would have to repay DOA for the amount that the DWD Secretary determines is available for repayment. The DWD Secretary would have to ensure that the timing of any repayment accords with federal requirements for ensuring a favorable tax experience for Wisconsin employers.

If the DWD Secretary requested such a transfer of temporary monies from the DOA Secretary, such monies could be made available from the general fund, segregated funds, or from the budget stabilization fund to the URF. The DOA Secretary would have to credit repayments received from the URF to the funds or accounts from which the transfer was made. The transfers outstanding could not exceed \$50 million at any time. No transfer could be made under these provisions unless the DOA Secretary first submits written notice to the Co-Chairs of the Joint Committee on Finance (JFC) that the transfer would be proposed to be made. If the Co-Chairs do not notify the DOA Secretary that the Committee has scheduled a meeting for the purpose of reviewing the proposed transfer within 30 days after the date of the Secretary's notification, the transfer could be made as proposed by the Secretary. If, within 30 days after the date of the notification by the DOA Secretary, the Co-Chairs of JFC notify the Secretary that the Committee has scheduled a meeting for the purpose of reviewing the proposed transfer, the transfer could only be made upon approval by the Committee.

Any reallocation of monies to the URF under these provisions would be excluded from the

current law limit of \$400 million that the DOA Secretary may make as a temporary reallocation of surplus monies between accounts.

All appropriations, special accounts, and fund balances within the general fund, or any segregated fund, could be made temporarily available for the purpose of financing UI benefits from the URF whenever there are insufficient monies in the URF to pay those benefits in addition to the current law provisions allowing encumbrances or financing expenditures of other general or segregated fund activities which do not have sufficient moneys in the accounts from which they are financed. Such transfers could be made if it is anticipated that there will be sufficient UI contribution revenues to repay the transferred amount.

Finally, the actual or projected imbalances in the URF or loans made to the URF would be excluded from the current law provisions governing interfund borrowing described below.

Under current law, at least 15 days prior to the beginning of any calendar quarter in which the DOA Secretary anticipates that it will be necessary to exercise an emergency cash flow transfer, or to incur financial obligations and issue bond notes, the DOA Secretary must generally submit a plan to the JFC describing the specific nature of any proposed action that may be required. If JCF does not, within two working days after a notification of the specific plan being submitted, schedule a meeting to review the DOA Secretary's proposal, the Secretary may proceed with the proposed action. Within 30 days after the end of each calendar quarter during which the DOA Secretary exercises this authority, during which there is any outstanding reallocation of moneys or during which there are any outstanding operating bond notes, the DOA Secretary must submit to JCF a report on the status of all such matters, together with an assessment of the degree to which the DOA Secretary anticipates that state funds and accounts will have sufficient revenues to meet anticipated obligations during the six-month period following the calendar quarter for which the report is issued.

These provisions take effect on January 1, 2014.

Under current law, the federal government imposes a tax on employers at a rate of 6.0% for the first \$7,000 per year of each covered employee's wage. Employers are eligible for a credit on federal UI taxes paid of up to 5.4%. The federal unemployment tax act (FUTA) credit is reduced by 0.3% if the state's URF ends the preceding three years with a negative balance. Wisconsin ended 2009 with a negative balance in the URF, and the fund has maintained a negative balance for each year since. As a result, the FUTA credit has been reduced by 0.3%, compared to the prior year, for each calendar year beginning with calendar year 2011. The FUTA credit was reduced by 0.3% for 2011, 0.6% for 2012, and is expected to be reduced by 0.9% for 2013. The additional taxes paid by employers to the federal government are due in the January following the year in which the reduction occurred (for example, the additional taxes associated with the 2012 reduced credit were due in January, 2013). All proceeds paid by employers as a result of the FUTA credit reduction are deposited into the state's URF to increase the fund's solvency.

The reduction in the FUTA credit applies if a state has a negative URF balance on November 9 of each calendar year. For example, if the fund were to have a negative balance on November 9, 2013, the FUTA credit would be 4.5% (rather than the maximum credit of 5.4%) for that year and increased FUTA taxes would be due and payable in January, 2014. If the fund

remained in deficit on November 9, 2014, the FUTA credit would be reduced to 4.2% for calendar year 2014, and DWD estimates that (if this were to occur) an additional \$191 million in UI taxes could be paid by employers and deposited into the URF in January, 2015. Under DWD's current forecast, the state is not expected to have a negative balance in the reserve fund on November 9, 2014, and employers are not expected to pay the additional \$191 million in federal UI taxes.

These provisions would permit the DWD Secretary to request a transfer to the URF of up to \$50 million from the DOA Secretary if the DWD Secretary determines that the monies would be needed for the URF to have a positive balance, for example, on November 9, 2014, to ensure solvency in the fund on that date and reduce employer taxes by \$191 million that would otherwise be due and payable in January, 2015. The transfer could be made from the general fund, other segregated funds, or the budget stabilization fund. Under federal law, a loan to the URF cannot be repaid until the fund has sufficient contributions to maintain a positive balance. Under the Joint Finance provision, if the forecast worsened and the state utilized the interfund borrowing provisions to ensure a favorable tax experience for Wisconsin employers, taxes paid by Wisconsin employers could be reduced by \$191 million; however, the URF balance would consequently be lower by \$191 million because employers would not have paid those taxes into the fund. Under the current forecast for the URF, it is expected that any transfer through interfund borrowing that might occur would likely be repaid in the same fiscal year in which the funds were transferred (2014-15), which would not have a state fiscal effect for 2014-15. However, it cannot be guaranteed that monies would be transferred back in the same fiscal year. DWD reports that federal law requires that the principal on a loan from any source that is used to pay UI benefits may be repaid from URF monies if the following conditions are met:

- a. The loan is made for the purpose of paying UI benefits under state law, and the proceeds of the loan have either actually been used for the payment of UI benefits or have been deposited in the state's URF account from which they may be withdrawn only for the payment of UI benefits.
- b. The money used for the payment of UI benefits is explicitly characterized as a loan for the payment of those benefits at the time it is dedicated to the payment of UI.
- c. The loan and repayment are consistent with the state law as interpreted by competent state authority.

As a result, DWD would need to consult with the Department of Labor to ensure that Wisconsin conforms to federal requirements associated with the interfund borrowing provisions. If such a transfer were to be undertaken and the fund did not become solvent before July 1, 2015, available state revenues could be reduced by up to \$50,000,000 in 2014-15. However, as noted, the current forecast does not anticipate that this provision would be needed and the interfund borrowing provisions are not expected to have a state fiscal impact.

[Act 20 Sections: 67i, 193v, 193w, 194c thru 194e, 1718s, and 9451(2q)]

5. CONTRIBUTION FINANCING TAX RATES

Joint Finance/Legislature: Create new contribution and solvency tax rates for employers with negative reserve percentages, as shown in the following tables. Table 1 shows the contribution and solvency rates that would apply under this provision, as compared to current law, for employers with annual taxable payroll of less than \$500,000. Table 2 provides a similar comparison for employers with taxable payroll of \$500,000 or more.

TABLE 1

Employers with Taxable Payroll of Less Than \$500,000

<u>Reserve Percentage</u>	<u>Contribution Rate</u>		<u>Solvency Rate</u>	
	<u>Current Law</u>	<u>Joint Finance</u>	<u>Current Law</u>	<u>Joint Finance</u>
Schedule A				
-6.0% to -7.0%	8.50%	8.50%	1.30%	1.30%
-7.0% to -8.0%	8.50	9.25	1.30	1.30
-8.0% to -9.0%	8.50	10.00	1.30	1.30
-9.0% or less	8.50	10.70	1.30	1.30
Schedule B				
-6.0% to -7.0%	8.50%	8.50%	1.30%	1.30%
-7.0% to -8.0%	8.50	9.25	1.30	1.30
-8.0% to -9.0%	8.50	10.00	1.30	1.30
-9.0% or less	8.50	10.70	1.30	1.30
Schedule C				
-6.0% to -7.0%	8.50%	8.50%	1.25%	1.30%
-7.0% to -8.0%	8.50	9.25	1.25	1.30
-8.0% to -9.0%	8.50	10.00	1.25	1.30
-9.0% or less	8.50	10.70	1.25	1.30
Schedule D				
-6.0% to -7.0%	8.50%	8.50%	1.25%	1.25%
-7.0% to -8.0%	8.50	9.25	1.25	1.30
-8.0% to -9.0%	8.50	10.00	1.25	1.30
-9.0% or less	8.50	10.70	1.25	1.30

TABLE 2

Employers with Taxable Payroll of \$500,000 or More

<u>Reserve Percentage</u>	<u>Contribution Rate</u>		<u>Solvency Rate</u>	
	<u>Current Law</u>	<u>Joint Finance</u>	<u>Current Law</u>	<u>Joint Finance</u>
Schedule A				
-6.0% to -7.0%	8.50%	8.50%	1.30%	1.30%
-7.0% to -8.0%	8.50	9.25	1.30	1.30
-8.0% to -9.0%	8.50	10.00	1.30	1.30
-9.0% or less	8.50	10.70	1.30	1.30
Schedule B				
-6.0% to -7.0%	8.50%	8.50%	1.30%	1.30%
-7.0% to -8.0%	8.50	9.25	1.30	1.30
-8.0% to -9.0%	8.50	10.00	1.30	1.30
-9.0% or less	8.50	10.70	1.30	1.30
Schedule C				
-6.0% to -7.0%	8.50%	8.50%	1.35%	1.30%
-7.0% to -8.0%	8.50	9.25	1.35	1.30
-8.0% to -9.0%	8.50	10.00	1.35	1.30
-9.0% or less	8.50	10.70	1.35	1.30
Schedule D				
-6.0% to -7.0%	8.50%	8.50%	1.25%	1.25%
-7.0% to -8.0%	8.50	9.25	1.25	1.30
-8.0% to -9.0%	8.50	10.00	1.25	1.30
-9.0% or less	8.50	10.70	1.25	1.30

These provisions would take effect on the first Sunday after publication of the budget bill and first apply with respect to payrolls beginning on January 1, 2015.

These provisions would increase taxes on employers with low reserve percentages, in the manner described above, for taxable payrolls beginning January 1, 2015. Under current law, if an employer generally pays less in benefits in a given year than the employer pays in taxes, that employer would have a higher reserve percentage for the following year and lower tax rates would apply for that employer. The effect of these provisions would result in employers paying an estimated \$18.8 million more in UI taxes in state fiscal year 2014-15, and \$35 million more on an annualized basis beginning in 2015-16.

[Act 20 Sections: 1720b thru 1720n, 9351(6q), and 9451(7q)]

6. VOLUNTARY TERMINATION OF WORK

Joint Finance/Legislature: Modify current provisions regarding eligibility for UI benefits when an employee terminates employment as described below.

General Requalification Requirements

Under current law, if an employee terminates work with an employing unit, the employee is ineligible to receive UI benefits until: (a) four weeks have elapsed since the end of the week in

which the termination occurs; and (b) the employee earns wages after that week equal to at least four times the employee's UI benefit rate in employment or other work covered by UI law of any state or the federal government.

The Joint Finance provision would eliminate the first requirement that four weeks must have elapsed since the termination occurred and increase the amount of earnings in subsequent employment under the second requirement to an amount equal to six times (rather than four times) the individual's weekly UI benefit rate.

Exceptions to the Termination of Work Provisions

Current law provides a number of exceptions to the requalification requirements described above in cases of voluntary termination of employment. Among these exceptions, the work termination provisions do not apply in the following instances:

a. If DWD determines that the employee terminated his or her work to accept a recall to work for a former employer within 52 weeks after having last worked for such employer.

b. If the employee: (1) maintained a temporary residence near the work terminated; (2) maintained a permanent residence in another locality; and (3) terminated such work and returned to his or her permanent residence because the work available to the employee had been reduced to less than 20 hours per week in at least two consecutive weeks.

c. If DWD determines that the employee left or lost his or her work because of reaching the compulsory retirement age used by the employee's employing unit.

d. To an employee who terminates his or her part-time work if the employee is otherwise eligible to receive benefits because of the loss of the employee's full-time employment and the loss of the full-time employment makes it economically infeasible for the employee to continue the part-time work.

e. To an employee who terminates his or her work with a labor organization if the termination causes the employee to lose seniority rights granted under a collective bargaining agreement and if the termination results in the loss of the employee's employment with the employer which is a party to that collective bargaining agreement.

f. To an employee who: (1) terminated work in a position serving as a part-time elected or appointed member of a governmental body or representative of employees; (2) was engaged in work for an employing unit other than the employing unit in which the employee served under "1" at the time that the employee terminated work under "1"; and (3) was paid wages in the terminated work constituting not more than 5% of the employee's base period wages for purposes of benefit entitlement.

g. To an employee who terminates his or her work in one of two or more concurrently held positions, at least one of which is full-time work, if the employee terminates his or her work before receiving notice of termination from a position which is full-time work.

h. If DWD determines that an employee, while claiming benefits for partial unemployment, terminated work to accept employment or other work covered by UI law of any

state or the federal government, if that work offered an average weekly wage greater than the average weekly wage earned in the work terminated.

i. If DWD determines that the employee owns or controls, directly or indirectly, an ownership interest, however designated or evidenced, in a family corporation, and the employee's employment was terminated by the employer because of an involuntary cessation of the business of the corporation under certain circumstances.

The Joint Finance budget would repeal all of these provisions.

Other Modifications

Currently, the work termination statute does not apply if DWD determines that the employee accepted work which the employee could have failed to accept with good cause (under the suitable work statutes) and terminated such work with the same good cause and within the first ten weeks after starting the work, or that the employee accepted work which the employee could have refused (under the statutes regarding protection of labor standards) and terminated such work within the first ten weeks after starting the work. The Joint Finance budget would reduce the 10-week periods under this provision to 30 days.

Currently, the work termination statute does not apply if DWD determines that the employee terminated work to accept certain types of employment or other work covered by UI laws of any state or the federal government and earned wages in the subsequent work equal to at least four times the employee's weekly benefit rate if the work met certain conditions under certain circumstances. Under the Joint Finance budget, an employee who terminated work to accept certain types of work under this statute would not be required to have earned wages in the subsequent work equal to at least four times the employee's weekly benefit rate to be exempt from the work termination statute.

Currently, the work termination statute does not apply if DWD determines that the employee's spouse changed his or her place of employment to a place to which it is impractical to commute and the employee terminated his or her work to accompany the spouse to that place. Under the Joint Finance provisions, this exception would only apply if: (a) the employee's spouse is a member of the U.S. armed forces on active duty; (b) the employee's spouse was required by the U.S. armed forces to relocate to a place to which it is impractical for the employee to commute; and (c) the employee terminated his or her work to accompany the spouse to that place.

Effective Date; Fiscal Impact

These provisions would take effect on the first Sunday after publication of the budget bill. The provisions would first apply on January 5, 2014, with respect to determinations of benefit claims that would be issued, or, with respect to decisions issued on determinations that would be appealed on that date. These provisions are estimated to reduce benefit payments to claimants by \$10.2 million in 2013-14 and by \$9.0 million 2014-15.

[Act 20 Sections: 1714w, 1717j thru 1717t, 1718e, 1718m, 9351(2q), and 9451(4q)]

7. MISCONDUCT AND SUBSTANTIAL FAULT

Joint Finance/Legislature: Create the following provisions governing misconduct and substantial fault under the UI statutes.

Misconduct

Specify that "misconduct" means one or more actions or conduct evincing such willful or wanton disregard of an employer's interest as is found in deliberate violations or disregard of standards of behavior which an employer has a right to expect of his or her employees, or in carelessness or negligence of such degree or recurrence as to manifest culpability, wrongful intent, or evil design of equal severity to such disregard, or to show an intentional and substantial disregard of an employer's interests, or of an employee's duties and obligations to his or her employer. In addition, specify that "misconduct" includes the following.

a. A violation by an employee of an employer's reasonable written policy concerning the use of alcohol beverages or use of a controlled substance or a controlled substance analog if the employee: (1) had knowledge of the alcohol beverage or controlled substance policy; and (2) admitted to the use of alcohol beverages, a controlled substance, or controlled substance analog or refused to take a test or tested positive for the use of such substances in a test used by the employer in accordance with a testing methodology approved by DWD.

b. Theft of an employer's property or services with intent to deprive the employer of the property or services permanently, theft of currency of any value, felonious conduct connected with an employee's employment with his or her employer, or intentional or negligent conduct by an employee that causes substantial damage to his or her employer's property.

c. Conviction of an employee of a crime or other offense subject to civil forfeiture, while on or off duty, if the conviction makes it impossible for the employee to perform the duties that the employee performs for his or her employer.

d. One or more threats or acts of harassment, assault, or other physical violence instigated by an employee at the workplace of his or her employer.

e. Absenteeism by an employee on more than two occasions within the 120-day period before the date of the employee's termination, unless otherwise specified by his or her employer in an employment manual of which the employee has acknowledged receipt with his or her signature, or excessive tardiness by an employee in violation of the policy of the employer that has been communicated to the employee if the employee does not provide to his or her employer both notice and one or more valid reasons for the absenteeism or tardiness. [This provision would replace the current law provisions regarding discharge of an employee for failure to notify the employer of absenteeism or tardiness, which is described below.]

f. Unless directed by the employer, falsifying business records of the employer.

g. Unless directed by the employer, a willful and deliberate violation of a written and uniformly applied standard or regulation of the federal government or a state or tribal government by an employee of an employer that is licensed or certified by a governmental

agency, which standard or regulation has been communicated by the employer to the employee and which violation would cause the employer to be sanctioned or to have its license or certification suspended by the agency.

Under current law, if an employee is terminated by an employer for misconduct connected with the employee's work, the employee is generally ineligible to receive benefits until seven weeks have elapsed since the end of the week in which the discharge occurs and the employee earns wages after the week in which the discharge occurs equal to at least 14 times the employee's weekly benefit rate in employment or other work covered by UI law of any state or federal government. Under the Joint Finance provisions, misconduct would specifically be defined in the manner described above.

Current law specifies that an employee is ineligible for UI benefits if the employee is discharged for failing to notify his or her employer of absenteeism or tardiness that becomes excessive and the employer has complied with the following requirements:

a. The employer has a written policy on notification of tardiness or absenteeism that defines what constitutes a single occurrence of tardiness or absenteeism, describes the process for providing adequate notice of tardiness or absence, and notifies the employee that failure to provide adequate notice of an absence or tardiness may lead to discharge.

b. The employer must provide a copy of the written policy to each employee and must have written evidence that the employee received a copy of that policy.

c. The employer must have given the employee at least one warning concerning the employee's violation of the employer's written policy within the 12-month period preceding the date of the discharge.

d. The employer must apply that written policy uniformly to all employees of the employer.

If an employee is discharged under these provisions, the employee is ineligible to receive benefits until six weeks have elapsed since the end of the week in which the discharge occurs and the employee earns wages after the week in which the discharge occurs equal to at least six times the employee's weekly benefit rate in employment or other work covered by the UI law of any state or the federal government. For purposes of requalification, the employee's weekly benefit rate must be the rate that would have been paid had the discharge not occurred. Excessive tardiness applies if an employee is late for six or more scheduled workdays in the 12-month period preceding the date of discharge without providing adequate notice to his or her employer. Excessive absenteeism applies if an employee is absent for five or more scheduled workdays in the 12-month period preceding the date of the discharge without providing adequate notice to his or her employer. DWD must charge to the fund's balancing account the cost of any benefits paid to an employee who was discharged for failure to notify the employer of absenteeism or tardiness that are otherwise chargeable to the account of an employer that is subject to contribution financing if the employee is discharged by that employer. If an employee is not disqualified under these provisions, an employee may be disqualified under the current law misconduct provisions.

As noted, these current law provisions governing excessive absenteeism and tardiness would be deleted and replaced with the "e" under the newly created provisions governing misconduct.

Substantial Fault

Create provisions governing discharge of an employee for substantial fault. Specify that an employee whose work is terminated by an employing unit for substantial fault by the employee connected with the employee's work is ineligible to receive benefits until seven weeks have elapsed since the end of the week in which the termination occurs and the employee earns wages after that week equal to at least 14 times the employee's weekly benefit rate in employment or other work covered by any state or federal UI law. For purposes of requalification, the employee's benefit rate must be the rate that would have been paid had the discharge not occurred. Specify that "substantial fault" includes those acts or omissions of an employee over which the employee exercised reasonable control and which violate reasonable requirements of the employee's employer, but does not include any of the following: (a) one or more minor infractions of rules unless an infraction is repeated after the employer warns the employee about the infraction; (b) one or more inadvertent errors made by the employee; or (c) any failure by the employee to perform work because of insufficient skill, ability, or equipment.

Require DWD to charge to the URF balancing account the cost of any benefits paid to an employee that would otherwise be chargeable to the account of an employer that is subject to contribution financing if the employee is discharged by the employer under the substantial fault provisions.

Effective Date; Fiscal Impact

These provisions would take effect on the first Sunday after publication of the budget bill and first apply on January 5, 2014, with respect to determinations of benefit claims issued, or, with respect to decisions issued on determinations that are appealed on that date. It is estimated that these provisions would reduce benefit payments by \$8.3 million in 2013-14 and \$13.5 million in 2014-15.

[Act 20 Sections: 1714t thru 1714um, 1717d thru 1717h, 9351(1q), and 9451(3q)]

8. WORK SEARCH -- TEMPORARY HELP COMPANIES

Joint Finance/Legislature: Create a rebuttable presumption that a claimant has not conducted a reasonable search for suitable work, as required under current law, for a given week if all of the following apply:

- a. The claimant was last employed by a temporary help company.
- b. The temporary help company required the claimant to contact the temporary help company about available assignments weekly, or less often as prescribed by the temporary help company, and the company gave the claimant written notice of that requirement at the time the claimant was initially employed by the company.

c. During that week, the claimant was required to contact the temporary help company about available assignments and the claimant did not do so.

d. The temporary help company submits a written notice to DWD within ten business days after the end of that week reporting that the claimant did not contact that company about available assignments.

Specify that a claimant could only rebut the presumption that the claimant did not meet the reasonable work search requirement if the claimant demonstrates one of the following to DWD for a given week: (a) that the claimant did contact the temporary help company about available assignments during that week; or (b) that the claimant was not informed by the temporary help company of the requirement to contact that company or had other good cause for his or her failure to contact that company about available assignments during that week.

Specify that, if a claimant last employed by a temporary help company contacts that company during a given week about available assignments, that contact would constitute one action that constitutes a reasonable search for suitable work.

Under current law, a claimant is generally eligible for UI benefits for any given week only if: (a) the individual is able to work and available for work during that week; (b) as of that week, the individual has registered for work (under the section described under "Suitable Work", an individual would have to register for work as directed by DWD); and (c) the individual conducts two actions that constitute a reasonable search for suitable work during that week, unless the requirement is waived (under the provision described under "Suitable Work", an individual would have to conduct at least four such actions). The above provisions would require a claimant who was last hired by a temporary help company, under certain conditions, to contact that company weekly in order to meet the work search requirement under "c".

These provisions would take effect on the first Sunday after publication of the budget bill. The provisions would first apply on January 5, 2014, with respect to the determinations of benefit claims issued, or, with respect to determinations of benefit claims that are appealed on that date. These provisions are expected to reduce benefit payments to claimants by a minimal amount.

[Act 20 Sections: 1717b, 9351(4q), and 9451(5q)]

9. REDUCED PARTIAL BENEFITS DURING HOLIDAYS

Joint Finance/Legislature: Modify provisions regarding eligibility for partial UI benefits during weeks that include federal or state holidays as described below.

The Joint Finance provisions would permit an employer to, on or before December 1, provide to DWD a written notice designating that the employer will undergo a complete business shutdown, which means that all locations operated by an employer are closed for business completely and no employee employed by the business could be required by the employer to report for work or be available for work, on one or more state or federal holidays in the succeeding calendar year. Employers could designate up to seven state or federal holidays, as

defined under current state and federal law, for a complete business shutdown during the succeeding calendar year. The notice would not be valid for any subsequent calendar year.

The number of hours that a UI claimant could work, have ascribed wages, or receive holiday, vacation, termination, or sick pay that is treated as wages in a given week before the claimant becomes ineligible for partial benefits would be reduced by eight hours (compared to the current law limit of 32 hours) for the week during which a state or federal holiday occurs if both of the following apply: (a) the claimant has base period wages only from the employer who designated a complete business shutdown; and (b) the employer designated the state or federal holiday for a complete business shutdown and underwent a complete business shutdown on that day.

If the employer that provides a notice of a complete business shutdown will not or does not undergo a complete business shutdown on a state or federal holiday, as designated in the notice, the employer would be required to, no later than the first business day following the week in which the state or federal holiday occurs, provide DWD with a written notice indicating that the shutdown will not or did not occur.

These provisions would take effect on the first Sunday following publication of the budget bill and first apply to notices submitted by employers to DWD for business shutdowns that occur on state or federal holidays in calendar year 2015. The provisions are estimated to reduce benefits paid to claimants by a small amount.

Under current law, a claimant may be eligible for partial benefits if that claimant earns wages in a given week of unemployment. To determine the benefit payment received by an individual who is partially employed, the first \$30 of wages is excluded and the benefit payment is reduced by 67% of the individual's remaining wages. A claimant is ineligible to receive partial UI benefits if the claimant, for 32 or more hours in a week, works, has wages ascribed from available work, or receives holiday, vacation, termination, or sick pay that is treated as wages. Under these provisions, if an employer designated a state or federal holiday for a complete business shutdown, a claimant eligible for partial benefits could only receive those benefits in that week if the person works, has ascribed wages, or receives other pay treated as wages for less than 24 hours in that week, rather than 32 hours.

Veto by Governor [B-2]: Delete provision.

[Act 20 Vetoes Sections: 1717v, 1717x, 9351(5q), and 9451(6q)]

10. ADMINISTRATIVE COSTS

GPR	\$89,100
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Joint Finance/Legislature: Provide \$89,100 GPR in 2013-14 to pay for DWD's information technology upgrades and administrative costs associated with administering the changes to UI law under the bill, as described in the previous sections.

Other Programs

1. VOCATIONAL REHABILITATION MAINTENANCE OF EFFORT [LFB Paper 735]

	Funding	Positions
GPR	\$628,500	0.15
FED	2,998,800	0.80
PR	<u>- 573,000</u>	<u>0.00</u>
Total	\$3,054,300	0.95

Governor/Legislature: Adjust funding by \$119,300 GPR, \$779,100 FED, -\$286,500 PR, 0.15 GPR positions, and 0.80 FED positions in 2013-14, and \$509,200 GPR, \$2,219,700 FED, -\$286,500 PR, 0.15 GPR positions and 0.80 FED positions in 2014-15 for the vocational rehabilitation program. Under current law, the Division of Vocational Rehabilitation's primary funding source is Title 1-B federal funds, which require the state match 21.3% state funds to 78.7% federal funds. The increased GPR funding would meet federal maintenance-of-effort funding requirements to avoid financial penalties and reduced Title 1-B funds in subsequent years. The increase in FED would more accurately reflect the amount of federal matching funds available for DVR services. The reduction in PR would more accurately reflect the estimated amount of state PR funds that can be used to match federal funds. The additional 0.95 FTE position would extend a project position supported by state and federal matching funds for a statewide coordinator of certain DVR training programs through the 2013-15 biennium.

2. ELIMINATE INDEPENDENT LIVING CENTERS TRANSFER

Governor/Legislature: Eliminate the transfer of \$600,000 of moneys received from the federal Social Security Administration (SSA) for reimbursement of grants to independent living centers (ILCs) from the Department of Workforce Development to the Department of Health Services (DHS). Instead, the bill would require DWD to allocate \$600,000 of moneys received from the federal SSA for reimbursement of grants to ILCs. DWD would be required to make grants to ILCs for nonresidential services to severely disabled individuals. To be eligible to receive a grant, an ILC would be required to comply with the current law requirements for grants provided by DHS. ILCs are community-based, nonresidential private nonprofit agencies that: (a) are designed and operated within a local community by individuals with disabilities; and (b) provide an array of independent living services. Currently, DHS uses GPR and federal funding transferred from DWD to provide grants to eight ILCs throughout the state. Under the bill, DWD would provide federal grants to ILCs, while DHS would continue to provide GPR grants.

[Act 20 Sections: 362, 363, 378, 870, and 871]

3. LABOR AND INDUSTRY REVIEW COMMISSION POSITION

	Funding	Positions
FED	\$101,800	1.00

Governor/Legislature: Provide expenditure and position authority of \$50,900 and 1.00 position annually for a legal associate position in the Labor and Industry Review Commission (LIRC) to assist with unemployment insurance appeals.

4. CONVERT THE LIRC WORKER'S COMPENSATION APPROPRIATION FROM PR TO SEG

	Funding	Positions
PR	-\$1,345,400	- 4.70
SEG	<u>1,345,400</u>	<u>4.70</u>
Total	\$0	0.00

Governor/Legislature: Change the worker's compensation operations PR appropriation under the LIRC to be, instead, the worker's compensation operations fund; worker's compensation activities SEG appropriation. Convert the associated \$672,700 PR and 4.70 PR positions into SEG funding and positions. According to DWD, the worker's compensation fund is a segregated fund that provides funding to this appropriation through a transfer from a separate SEG appropriation under current law; however, the appropriation schedule does not accurately reflect that the current funding source is from a segregated fund. The bill would more accurately reflect that the worker's compensation fund is the segregated fund that provides the current funding source for this appropriation.

[Act 20 Sections: 376, 377, and 1714]

5. COLLECTOR POSITION FOR THE UNINSURED EMPLOYERS FUND

	Funding	Positions
SEG	\$102,800	1.00

Governor/Legislature: Provide \$43,500 in 2013-14 and \$59,300 in 2014-15 and 1.00 position in the worker's compensation operations fund; administration appropriation. The additional position would be for a collector position to pursue actions against illegally uninsured Wisconsin employers. Funding for the position would be from the Uninsured Employers Fund.

6. VETERANS GRANT PROGRAM

SEG	\$1,000,000
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Joint Finance/Legislature: Repeal the veteran employment tax credit, effective for tax year 2013, and, instead, create a grant program to be administered by the Department of Workforce Development that would provide grants to employers equal to the amount of tax credits they would receive. Create a sum sufficient appropriation in DWD, funded with revenues from the veterans trust fund, to support the costs of paying these grants. Estimate program expenditures at \$500,000 annually.

[Act 20 Sections: 375v, 1348bn, 1348c, 1398g, 1398h, 1434g, 1434h, and 1714d]

REPORTS AND STUDIES

REPORTS AND STUDIES

Date Due	Nature	Prepared By	Reported To
Quarterly	<p>Medical Assistance Quarterly Reports. Reports containing the following information on the state's Medical Assistance (MA) program: (a) updated descriptions of any MA program changes implemented by DHS, including a description of any amendments to the state MA plan; (b) updated estimates of savings that DHS expects to realize as a result of program changes; and (c) updated projections of the total MA benefit expenditures during the biennium and an analysis of how these projected expenditures compare to the funding provided in the 2013-15 and subsequent biennial budget acts. [Sections 1043s, 1043t, and 9418(8)]</p>	Department of Health Services	Joint Committee on Finance
Within 50 days following the effective date of the bill	<p>Sporting Heritage Grant Committee Review. Require the committee (created by the Act and consisting of five members, including three members appointed by the chair of the Sporting Heritage Council, and the chairs of the Assembly and Senate committees responsible for natural resources) to review the sporting heritage grant applications for the 2013-15 biennium and submit a report of their recommendations. [Section 9132 (4d)]</p>	Sporting Heritage Grant Review Committee	Secretary of the Department of Natural Resources
Annually	<p>Accountability Report. Require the Board of Regents to include the following information in the annual accountability report required under 2011 Act 32: (a) a description of the general education courses transfer agreement with the Wisconsin Technical College System and a summary of the Board's implementation of that agreement; (b) economic development programs undertaken; (c) the number of bachelor's, master's, and doctoral degrees awarded in fields for which the occupational demand is high or in fields that the Department of Workforce Development and the Board of Regents jointly determine to be high-demand fields; (d) the number of undergraduate and graduate students participating in internships or cooperative work experiences; (e) the number of high school pupils who have earned credit; and (f) a description of improvements made in the transfer of credit between institutions of higher education. [Sections 608c thru 608t and 609]</p>	University of Wisconsin Board of Regents	Governor and Chief Clerk of each house of the Legislature
Annually, Before July 1	<p>Business Processes Progress Report. Annual report on the Department's progress in modernizing its business processes and integrating its information technology systems. [Section 713]</p>	Department of Employee Trust Funds	Secretary of Administration and Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
September 1, 2013	Methodology for the Calculation of PR Balances and Reserves. Submit for approval, modification, or disapproval a proposed methodology for the calculation of program revenue balances and reserves, expressed in both dollars and percentages of total annual expenses, for the UW System as a whole and for individual UW institutions and the UW-Extension. [Section 9148 (4L)]	University of Wisconsin Board of Regents	Joint Legislative Audit Committee
September 1, 2013	Common Core State Standards. In consultation with DPI, an estimate of the fiscal impact to the state if DPI either implements the common core standards or discontinues implementation and adopts other college and career readiness standards. [Section 9134(2q)]	Legislative Fiscal Bureau	Not specified
September 1, 2013	Common Core State Standards. An evaluation of the common core standards adopted by the State Superintendent on June 2, 2010. [Section 9134(2q)]	Department of Public Instruction	Speaker of the Assembly, President of the Senate, Governor, and the Legislative Council study committee on the common core standards, if applicable.
Annually by September	School and School District Accountability Report. A school and school district accountability report that includes multiple measures to determine a school's performance or a school district's improvement, including pupil achievement, college and career readiness, gaps in pupil achievement, and an index system to identify a school's level of performance and annually place each school into one of five performance categories. [Section 1746]	Department of Public Instruction	Must be published
Annually by October 1	Longitudinal Data System. Agencies charged with establishing and maintaining a statewide student data system must submit a joint report regarding their progress in establishing a longitudinal data system. (Agencies include the Department of Public Instruction, University of Wisconsin System, the Wisconsin Technical College System Board, the Wisconsin Association of Independent Colleges and Universities, the Department of Children and Families, and the Department of Workforce Development.) [Section 1743]	Joint Report of Agencies	Secretary of Administration

Date Due	Nature	Prepared By	Reported To
October 1, 2013	WEDC Audit Compliance. Submit reports concerning the status of the Corporation's efforts to comply with; (a) creating all required economic development program rules; (b) stipulating contractually that all recipients of grants and loans of \$100,000 or more must provide WEDC with a verified financial statement describing how the funds were spent and ensuring that recipients submit the verified financial statements; (c) developing at least one expected result for each of the goals of all economic development programs that it administers; (d) ensuring that recipients of economic development grants and loans submit the contractually required progress reports; (e) annually verifying the performance information reported by the recipients of a sample of grants and loans; (f) ensuring the annual economic development report presents clear, accurate, and complete information on each program's results; and, (h) the status of all outstanding economic development loans for which it was responsible from January, 2013, through September, 2013, including the number and outstanding balance of loans it amended, the number and outstanding balance of loans it forgave, the number and outstanding balance of loans it referred to the Department of Justice for collection proceedings, and the number and outstanding balance of loans it wrote off. [Section 9150(1q)(c)]	Wisconsin Economic Development Corporation	Joint Legislative Audit Committee
Within 90 days of the effective date of the bill	Plan for the Incentive Grant Program. Submit for approval a plan for the establishment of the incentive grant program. The plan is subject to approval by the Joint Committee on Finance through a 14-day passive review process, and is also subject to approval by the Secretary of DOA. [Section 9148(1i)]	University of Wisconsin System Board of Regents	Secretary of the Department of Administration, Joint Committee on Finance
Within 90 days of the effective date of the bill	Plan for Funding Initiatives and Transfer with PR Appropriation Balances. Submit for approval through a 14-day passive review process a plan identifying the sources of the program revenue that would be transferred to the Higher Educational Aids Board for the WHEG-UW program and that would be allocated to each of the following: (a) the incentive grant program; (b) the Carbone cancer center; (c) the WARM and TRIUMPH programs at the UW School of Medicine and Public Health; and (d) the UW flexible option initiative. [Section 9148(5e)]	University of Wisconsin Board of Regents	Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
Annually by October 15	Rural and Underserved Urban Medical Programs. Report to include the number of students enrolled in such programs, the medical specialties and residency locations of those students, and the initial postresidency practice location of the graduates of those programs. [Section: 6]	Medical College of Wisconsin	Governor and the Chief Clerk of each house of the Legislature
Annually by October 15	Rural and Underserved Urban Medical Programs. Report to include the number of students enrolled in such programs, the medical specialties and residency locations of those students, and the initial postresidency practice location of the graduates of those programs. [Section 6]	UW-Madison Medical School	Governor and Chief Clerk of each house of the Legislature
Annually by October 15	Report on Fees. Listing of all fees, including academic fees, tuition, segregated fees, and any other fees, that are charged to students at each institution and UW Colleges campus and the amount by which these fees have increased in each of the preceding five years. [Section 609m]	University of Wisconsin Board of Regents	Joint Committee on Finance and Joint Legislative Audit Committee
November 15, 2013	Fish Farm Regulation and Fish Hatchery Stamp Studies. Require DNR to submit a report of the results and the recommendations based on the results of two studies conducted by DNR and DATCP: (a) a study of the regulations applicable to private fish farms in Wisconsin to assess the need for existing regulations; and (b) a study to evaluate the viability of establishing a fish hatchery stamp that could be issued to holders of licenses under Chapter 29 of the statutes that authorize fishing for sport. [Section 9132 (4q)]	Department of Natural Resources	Appropriate standing committees of the Legislature, and the Joint Committee for Review of Administrative Rules (JCRAR)
Second Quarterly Meeting under s. 13.10 in 2013-14 (December, 2013)	WEDC Second Year Funding. The chief executive officer of WEDC must appear before the Committee and submit a report that includes information indicating that the Corporation is complying with the recommendations of the Legislative Audit Bureau (LAB) included in the May, 2013, audit of WEDC. [Section 9150(1q)(b)]	Wisconsin Economic Development Corporation	Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
December 14, 2013	<p>Community-Based Long-Term Care Projection and Report. Report summarizing the results of a comprehensive projection of the expected future change in the need for publicly funded community-based long-term care. The projection must include consideration of: (a) projected future growth trends in populations likely to access services; (b) potential or projected shifts in the use of Medicaid-allowable services options to meet the needs of this population; (c) the comparative cost efficiency of service options allowed under the federal MA program to meet the needs of this population; (d) strategies to control the growth in Medicaid long-term care costs; and (e) strategies to promote keeping individuals in their own homes to reduce or delay entry into publicly-funded long-term care programs. [Section 9118(3q)]</p>	Department of Health Services	Joint Committee on Finance
December 31, 2013	<p>Public Utility Aid - Production Plant Retirements. Conduct a study regarding how to pay aid when production plants or generating units within production plants are decommissioned or retired and make recommendations for statutory modifications. [Section 9137(1i)]</p>	Department of Revenue and Public Service Commission	Joint Committee on Finance
By January 1, 2014	<p>Creation of Department of Agriculture, Regulation and Trade (DART). A report of findings from a study of the consolidation of the Department of Safety and Professional Services (DSPS) and the Department of Agriculture, Trade and Consumer Protection (DATCP). The report will set forth recommendations concerning the proposed consolidation, and, if such consolidation is recommended, recommendations concerning all of the following: (a) the organizational structure, programmatic functions, and performance objectives of DART; (b) any reduction in staff that may be accomplished as a result of the consolidation of DSPS and DATCP; (c) any board or council that may be eliminated as a result of the consolidation of DSPS and DATCP; (d) any adjustments to credential fees that may be appropriate, and the capability of revenue from credential fees to support operations of DART; (e) any function or program of DSPS or DATCP that should be transferred to an agency other than DART; and (f) any ways to improve the services provided by DART. If consolidation is recommended, the report will also include draft legislation that would implement the recommendations, effective July 1, 2015. [9101(3s)]</p>	Department of Administration	Joint Committee on Finance, and appropriate standing committees of the Legislature

Date Due	Nature	Prepared By	Reported To
January 1, 2014	Office of Inspector General. Plan regarding the structure, implementation, and operation of the Office of Inspector General for approval under a 14-day passive review process. [Section 9106(1e)]	Department of Children and Families	Joint Committee on Finance
January 1, 2014	JFC Approval of PR Balance Limits and Other Policies. Submit the following for approval through a 14-day passive review process: (a) proposed limits on program revenue account balances for the UW System as a whole and for each individual UW institution and the UW-Extension and proposed reports related to those limits; (b) proposed policies regarding the annual distribution of tuition and fee revenue and state general program revenue to each institution and the UW-Extension; and (c) proposed policies regarding the expenditure of tuition and fee revenues and state general purpose revenue by each institution and the UW-Extension. [Section 9148(4m)]	University of Wisconsin Board of Regents	Joint Committee on Finance
No later than January 31, 2014	Health Reimbursement Accounts. Study the feasibility and cost-effectiveness of providing health reimbursement accounts instead of health savings accounts to state employees. [Section 9112(4m)]	Secretary of the Department of Employee Trusts Funds and the Director of the Office of State Employment Relations	Governor and Joint Committee on Finance
February 1, 2014	Criminal Penalties Study. Request the Joint Legislative Council to review all misdemeanor and felony provisions in state statute to determine if: (a) penalties are appropriate; and (b) violations are outdated. [Section 9126(1)(am)]	Joint Legislative Council	Chief Clerk of each house of the Legislature
No later than March 1, 2014	Comprehensive Community Services Report. A request for the release of funds and a report on its proposal for providing comprehensive community services on a regional basis that includes all of the following: (a) a description of the criteria the department will apply in its regionalization model; (b) a description of how the regions will be established and the degree of county participation in that process; (c) an updated list of the counties that have indicated, by that date, that they will offer services through the MA program on a regional basis according to criteria established by the department; and (d) an evaluation of the estimated long-term costs of the proposed regional model. [Section 1056b]	Department of Health Services	Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
Annually by March 1, until 2018, or one year following the sunset date established by the Department of Veterans Affairs for when VETransfer may no longer expend moneys from the grant.	Grant to VETransfer, Inc. A report to include the following: (a) the most recent financial statement for VETransfer; (b) a detailed description of the criteria VETransfer used to determine who received a grant during the previous year; (c) a verified statement describing in detail grants VETransfer made to veterans' business start-up costs or veterans' entrepreneurial training during the previous year, which must be signed by an independent certified public accountant and the director or principal officer of VETransfer, so as to attest to the accuracy of the verified statement; and (d) a summary of all investments and grants of any kind that VETransfer made during the previous year. [Section 788]	VETransfer, Inc.	The Secretary of the Department of Veterans Affairs, the Governor, and the Secretary of Administration
April 1, 2014	Rural Schools Task Force. Request that the Joint Legislative Council to establish a rural schools task force by August 1, 2013. If established, require the task force to submit a report to identify funding challenges faced by rural school districts and a plan to address those issues. [Section 9127(1i)]	A task force established by the Joint Legislative Council	Joint Legislative Council
Within 90 days of study completion but no later than June 1, 2014	MacKenzie Environmental Education Center Condition. Require DOA to conduct a thorough review of the status and condition of the buildings, structures, and animal enclosures at the MacKenzie Environmental Education Center including a description of the maintenance and repairs that are necessary and an estimate of the cost of any necessary repairs or maintenance. [Section 9101 (2i)]	Department of Administration	Joint Committee on Finance
June 30, 2014	Kettle Moraine Springs Fish Hatchery Infrastructure Improvements. DNR must prepare a report that describes the need for renovation of the Kettle Moraine Springs fish hatchery that includes the following: (a) a statement about whether private aquaculture facilities or other entities are able to meet the Department's fish stocking needs in an economically feasible manner; and (b) a description of all proposed expenditures for the renovation of the Kettle Moraine Springs fish hatchery and how these expenditures minimize the requirement to contract state debt. In addition, DNR may not obligate any stewardship bonds for infrastructure improvements at the Kettle Moraine Springs fish hatchery unless the Department submits a request to the Joint Committee on Finance under s. 13.10 of the statutes and the Joint Committee on Finance approves the request. [Sections 514 and 9132 (4c)]	Department of Natural Resources	Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
June 30, 2014	Private Fish Farm Stocking Capacity. Require DNR to submit a report of the results of a study conducted by DNR, in consultation with the Department of Administration (DOA), the Department of Agriculture, Trade, and Consumer Protection (DATCP), the Wisconsin Economic Development Corporation (WEDC), the Wisconsin Aquaculture Association, and the University of Wisconsin-Extension, of the capacity of private fish farms to rear fish for stocking in Wisconsin waters for the purpose of maintaining and improving fish populations.[Section 9132(4j)]	Department of Natural Resources	Appropriate standing committees of the Legislature
No later than June 30, 2014	Options Relating to State Employee Health Insurance Coverage. Study the feasibility of: (a) excluding from state employee health care coverage the spouses and domestic partners of state employees who are eligible to receive health care coverage through their own employers; and (b) offering a \$2,000 annual incentive payment to any state employee who, although eligible to receive health care coverage under the state employee plans, elects not to receive that coverage. Require the design of a plan for implementing these initiatives and contract for an actuarial study of the plan. Report findings and the results of the actuarial study. [Section 9112(3q)]	Secretary of the Department of Employee Trusts Funds and the Director of the Office of State Employment Relations	Governor and Joint Committee on Finance
No later than June 30, 2014	Cigarette Trafficking. Study methods to combat illegal cigarette trafficking in order to improve the cigarette tax collection system [Section 9137(1L)]	Department of Revenue	Governor
By June 30 of every even-numbered year	Veterans Trust Fund. A report describing the current condition of the veterans trust fund, the fund's projected revenues and expenditures, and any program changes implemented since the biennial budget act that are expected to affect the fund's revenues, expenditures, or balances. [Section 766m]	Department of Veterans Affairs	Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
By July 1, 2014, or one year after the bill's general effective date, whichever is later	Task Force on the Future of the Veterans Homes. A study to explore future operations of the veterans homes, including a 20-year operational plan that would include recommendations to improve coordination between agencies and to deliver services in the most cost-effective manner. Require the task force to address the following proposals and issues in its study: (a) the hiring of an operational manager that would have management responsibilities for the King, Union Grove, and Chippewa Falls campuses; (b) the expansion of the skilled nursing facilities operated by the Department of Veterans Affairs (DVA); (c) the use of property on these sites for the Department of Military Affairs' Challenge Academy program; (d) the expansion of the veterans cemeteries; (e) the construction of correctional facilities to house incarcerated veterans; (f) the expansion of the Department of Administration's authority to develop and implement proposals for the future development of the sites; and (g) any other proposals or issues that the task force wishes to address. [Section 9149(2q)]	Task Force on the Future of the Veterans Homes	Chief Clerk of each house of the Legislature
Annually, by September 1, from 2014 through 2019	Traffic Signal and Intelligent Transportation Systems Expenditures. A report on expenditures from the appropriations for traffic signal and intelligent transportation systems installation and any other pertinent information related to these items. [Section 1542m]	Department of Transportation	Transportation-related standing committees of the Legislature
Annually, beginning in 2014	WEDC Independent Audit. The Board is to have an annual independent audit of the Corporation's financial statements conducted and the audit report submitted. [Section 2055v]	Wisconsin Economic Development Corporation	Joint Legislative Audit Committee and the Chief Clerk of each house of the Legislature
Biennially by October 15 of each even numbered year	Biennial Report. Report to include: (a) minority student recruitment policies and programs and the number of minority students enrolled; (b) number and percentage of Wisconsin residents enrolled; (c) average faculty salaries compared to national averages; (d) development of cooperative educational programs with other institutions throughout this state; (e) placement of graduates of doctor of medicine and residency training programs; (f) the financial status of the family medicine residency sites; (g) the number of family practice residents choosing to practice in medically underserved areas of the state upon graduation; and (h) the number of graduates entering family practice as a career. This report will replace two prior law reports. [Sections: 2 thru 5]	Medical College of Wisconsin	Governor, Joint Committee on Finance, and the Chief Clerk of each house of the Legislature

Date Due	Nature	Prepared By	Reported To
Biennially by October 15 of each even numbered year	Biennial Report. Report to include: (a) minority student recruitment policies and programs and the number of minority students enrolled; (b) number and percentage of Wisconsin residents enrolled; (c) average faculty salaries compared to national averages; (d) development of cooperative educational programs with other institutions throughout this state; (e) placement of graduates of doctor of medicine and residency training programs; (f) the financial status of the family medicine residency sites; (g) the number of family practice residents choosing to practice in medically underserved areas of the state upon graduation; and (h) the number of graduates entering family practice as a career. [Sections 2 thru 5]	UW-Madison Medical School	Governor, Joint Committee on Finance, and the Chief Clerk of each house of the Legislature
December 1, 2014	Report on Community Service Levies. Report describing the school district levies for community service programs in 2013-14 and 2014-15. [Section 9134(4L)(f)]	Department of Public Instruction	Joint Committee on Finance
By each January 1, beginning with January 1, 2015	Office of Children's Mental Health. A report that contains the following information: (a) a summary of the activities of the Office of Children's Mental Health in the previous year, including actions taken to improve the coordination of mental health services provided to children by state agencies; (b) a summary of data collected by the Office that relate to outcomes of children who receive mental health services provided by state agencies; and (c) a discussion of areas in which the state's delivery of mental health services for children could be improved. [Section 1232]	Office of Children's Mental Health, Department of Health Services	Joint Committee on Finance, and appropriate standing committees of the Legislature
January 15, 2015, and annually thereafter	Department of Justice Grant Programs. A report as to the administration of the following grant programs for the prior fiscal year: (a) law enforcement officer supplement grant program; (b) youth diversion grant program; (c) treatment, alternatives and diversion (TAD) grant program; (d) child advocacy centers grant program; and (e) county drug court grant program. For each program, require the following information annually: (a) the amount of each grant awarded under the relevant grant program for the prior state fiscal year; (b) the grantee to whom each grant was awarded; (c) the agency's methodology for awarding grants and determining the level of grant funding to be provided to each grant recipient; (d) performance measures created by the Department for each grant program; and (e) reported results of each grant recipient in each fiscal year as to the attainment of performance measures developed for it under the relevant grant program. [Section 1904m]	Department of Justice	Chief Clerk of each house of the Legislature

Date Due	Nature	Prepared By	Reported To
March 1, 2015	Air Permit Exemptions. A report on the progress DNR has made to exempt natural minor sources from the requirement to obtain a state air operation permit. In general, minor sources do not have the potential to emit air pollutants that exceed thresholds to be federally-regulated as major sources, but are required under state law to obtain an air operation permit. [Section 9132(1L)]	Department of Natural Resources	Joint Committee on Finance and the appropriate standing committees of the Legislature
June 30, 2015	GPS and Electronic Monitoring Study. Study on the effective and efficient use of global positioning systems and electronic monitoring technology for correctional purposes and for monitoring persons subject to a temporary restraining order or injunction. [Section 9127(1z)]	Joint Legislative Council	Chief Clerk of each house of the Legislature
June 30, 2015	Proposals for Estate Recovery. One or more proposals requesting the Joint Committee on Finance to approve the implementation of the estate recovery provisions contained in the act. [Section 9118(6i)]	Department of Health Services	Joint Committee on Finance
June 30, 2015	Proposals for Divestment. One or more proposals requesting the Joint Committee on Finance to approve the implementation of the divestment provisions contained in the act. [Section 9118(6i)]	Department of Health Services	Joint Committee on Finance
No later than January 1, 2017	Statewide Digital Parcel Map Progress Report. Report relating to progress in developing a statewide digital parcel map in coordination with county land information offices. [Section 186f]	Department of Administration	Joint Committee on Finance
No later than one year from establishment of a "lean program"	Achieved Efficiencies of "Lean Program" Report. A report describing and documenting the achieved efficiencies of government operations achieved under an established "lean program." [Section 54m]	Local Governmental Unit	Department of Administration
Upon study completion	Study of DNR Forestry Practices. Require the Great Lakes Timber Professionals (GLTPA) and the Wisconsin County Forests Association (WCFA), to submit a report of the results of a comprehensive study of DNR forestry practices and forest fire prevention practices. In addition, require the GLPTA and the WCFA to submit a plan, prepared jointly, on how \$600,000 in grant funds provided for the study will be expended to the Joint Committee on Finance. The grant funds may only be released upon approval of the plan by Joint Finance through a 14-day passive review process. [Section 532m]	Great Lakes Timber Professionals, and the Wisconsin County Forests Association	DNR, the Wisconsin Council on Forestry, and the appropriate standing committees of the Legislature
Periodic	Health Insurance Risk-Sharing Plan (HIRSP) Dissolution. Updates regarding the dissolution of HIRSP, including, at a minimum, information on expenses and claims paid. [Section 9122(1L)]	Office of the Commissioner of Insurance	HIRSP Advisory Council (currently the HIRSP Board of Directors)

Date Due	Nature	Prepared By	Reported To
Before Funding is Appropriated	WEDC Marketing Expenses. Submit a plan, for Committee approval, specifying the extent to which marketing expenses may be funded with existing funds, rather than requiring additional GPR funding. [Section 9150(1q)(b)]	Wisconsin Economic Development Corporation	Joint Committee on Finance
Before Creating Foundation	WEDC Nonprofit Foundation. The CEO must submit a request for approval, detailing the specific provisions of any proposal to create any nonprofit foundation or corporation, and to appear at the Committee meeting where the request is considered. [Section 2055m]	Wisconsin Economic Development Corporation	Joint Committee on Finance
No Date Specified	DNR Deletion of Positions. DOA is required to report the funding source for, and the appropriation to be decreased with regard to, each of the 32.1 FTE positions to be eliminated in DNR. The act specifies that the positions be eliminated from the identified appropriations without any action required by Joint Finance. [Section 9101(3u)]	Department of Administration	Joint Committee on Finance
No Date Specified	Grain Inspection Deficit. Report on the transfers from program revenue accounts, and/or the segregated agrichemical management or agricultural chemical cleanup funds to the grain inspection and certification PR appropriation, to resolve the June 30, 2013, accumulated deficit in the grain inspection program. No action by Joint Finance is required. [Section 9102(1e)]	Department of Agriculture, Trade and Consumer Protection	Joint Committee on Finance
No Date Specified	Audit of Government Accountability Board. Request that the Joint Legislative Audit Committee direct the Legislative Audit Bureau to conduct a performance evaluation audit of the Board which would be required to include: (a) an evaluation of the Board's election day processes and practices; (b) a review of the complaints received by the Board concerning voting irregularities and an assessment of the Board's procedures for investigating and resolving the complaints; (c) a complete review of the statewide voter registration system, including system processes and the accuracy of the data included in the system; and (d) a review of the instruction and training the Board provides to local election officials. [Section 9115(1d)]	Legislative Audit Bureau	Joint Legislative Audit Committee
No Date Specified	Electronic Benefit Transfer System. Plan regarding implementation of any program to deliver Wisconsin Works benefits or child care subsidies by electronic means, including the vendor selected, the total start-up and ongoing costs, and how issues of fraud and program integrity will be addressed, for approval under a 14-day passive review process. [Section 952m]	Department of Children and Families	Joint Committee on Finance

Date Due	Nature	Prepared By	Reported To
No Date Specified	Sales Tax Nexus; Minimum Tax; Income Tax Rate Reductions. Determine the additional sales tax resulting from federal legislation expanding the state's ability to require out-of-state sellers to remit sales and use taxes on remote sales to Wisconsin residents in the first 12 months of the expansion. Based on that amount, determine how much the individual income tax rates could be reduced, after the alternative minimum tax is eliminated, and set the rates at those levels in the following year. [Section 1460d]	Department of Revenue	Secretary of the Department of Administration, the Governor, and the Legislature
No Date Specified	Engineering Consultant Services Audit. An analysis of the process used by the Department of Transportation for the selection of consultants for transportation engineering services, the oversight of consultant work, and the payment of consultants for services. [Section 9127(2q)]	Legislative Audit Bureau	Legislative Audit Committee
No Date Specified	Environmental Impact Statement for USH 12 Project in Walworth County. An environmental impact statement for a proposed improvement on USH 12 between the City of Elkhorn and the City of Whitewater in Walworth County. [Section 1534h]	Department of Transportation	Not specified
No Date Specified	Plan for Expenditure of Funds Allocated to the Carbone Cancer Center. Submit for approval through a 14-day passive review process a plan for the expenditure of funds allocated to the Carbone cancer center for translational imaging research, research imaging and scanning, research imaging equipment, and the Wisconsin Oncology Network. [Section 9148 (4i)]	University of Wisconsin Board of Regents	Joint Committee on Finance
No Date Specified	Student Information System. Require DPI to submit a proposal for a multiple-vendor student information system for the standardized collection of pupil data to the Joint Committee on Finance for approval. If the Committee approves the proposal, the Committee may release \$7,100,000 to the State Superintendent for costs incurred by schools and districts to meet the proposal's reporting requirements. [Section 1732m]	Department of Public Instruction	Joint Committee on Finance
No Date Specified	Common Core State Standards. Request a study of issues related to the common core standards and other academic standards, including a comparison of implementation costs. No due date for the final report is specified; however, if the study committee is established, three public hearings must be held by November 1, 2013. [Section 9134(2q)]	Joint Legislative Council study committee	Governor, Legislative Council, and Department of Public Instruction

LEGISLATIVE FISCAL BUREAU BUDGET ISSUE PAPERS

LEGISLATIVE FISCAL BUREAU

2013-15 Budget Papers

Paper

Administration -- General Agency Provisions

- 100 Capital Investment Program
- 101 Community Development Block Grant Administration
- 102 Service Award Program Funding and Cap Increase
- 103 Regional Intergovernmental Affairs Positions
- 104 Central Fleet Funding Increase
- 105 Low-Income Weatherization and Energy Assistance Program Allocation Changes
- 106 Register of Deeds Fees and Statewide Digital Parcel Map
- 107 Legal Services to State Agencies
- 108 Reestimate of Cancelled Draft Payments

Administration -- Transfers

- 110 Transfer of Facility Design Positions to DOA

Administration -- Information Technology

- 115 Enterprise Resource Planning System
- 116 Self-Funded Portal
- 117 Mainframe Hosting and Disaster Recovery Services to University of Wisconsin-Madison
- 118 Broadband Expansion Grant Program
- 119 Information Technology Positions and Equipment Transfer Authority

Administration -- Facilities Management and Development

- 120 Relocation Costs Adjustment -- Facilities Management
- 121 Capital Planning and Building Construction Expenditure Authority
- 122 Construction Project Field Staff Positions -- Facilities Development

Administration -- Procurement

- 125 Electronic Procurement System
- 126 Cost-Benefit Analysis Exceptions, Business Ownership Certifications, and Bidders List

Administration -- Division of Gaming

- 135 Tribal Gaming Appropriations and General Fund Revenue

Paper #

Agriculture, Trade and Consumer Protection

- 140 Agriculture Chemical Segregated Funds Overview
- 141 Grain Inspection Program
- 142 Buy Local, Buy Wisconsin
- 143 State Agriculture Laboratory Rental Costs
- 144 Dairy Processor Grant Program
- 145 Grazing Lands Conservation Initiative
- 146 Discovery Farms Funding Transfer
- 147 Livestock Premises Registration

Board on Aging and Long-Term Care

- 150 Ombudsman Relocation Specialist

Budget Management and Compensation Reserves

- 155 Compensation Reserves Overview
- 156 Fringe Benefit Rate Calculation - Errata
- 157 Limit on Interfund Cashflow Borrowing
- 158 Operating Note Interest Costs
- 159 Funding for Investment Fund Fees

Building Commission

- 160 Sale or Lease of State Heating, Cooling, and Power Plants
- 161 Authority to Sell Other State Properties
- 162 Use of Proceeds
- 163 Authority to Affect Agency Budgets and Positions
- 164 Current Law GPR Debt Service Reestimate
- 165 General Obligation Bonding Refunding Authority
- 166 Single Prime Contracting

Building Program

- 167 GPR Supported Debt and Bonding Overview
- 168 Hill Farms State Transportation Building Replacement
- 169 Local Projects in 2013-15 State Building Program
- 170 Medical College of Wisconsin
- 171 Facilities Maintenance and Repair Projects

Child Abuse and Neglect Prevention Board

- 175 Transfer Board to the Department of Administration
- 176 Grant Requirements

Paper #

Children and Families -- Departmentwide

- 180 Program and Federal Revenue Reestimates
- 181 Position and Funding Realignment

Children and Families -- Children and Families

- 185 Milwaukee Child Welfare and Title IV-E Waiver
- 186 State Foster Care, Adoption Assistance, and Subsidized Guardianship -- Funding Reestimate
- 187 State Foster Care, Subsidized Guardianship, and Adoption Assistance -- Statutory Changes
- 188 Children and Family Aids
- 189 Foster Care Rates
- 190 Out-of-Home Care Extension for Youth with Individualized Education Programs
- 191 Child Protective Services Appeals

Children and Families -- Economic Support and Child Care

- 195 Revised Estimates for TANF-Related Programs
- 196 W-2 Benefits
- 197 Trial Employment Match Program Jobs
- 198 Noncustodial Parents Under the Wisconsin Works Program
- 199 Transform Milwaukee Jobs Program
- 200 Child Care Provider Reimbursement Rates
- 201 Electronic Benefit Transfer System for Child Care
- 202 Child Care Quality Rating and Improvement System
- 203 Fingerprint-Based Background Searches of Child Care Providers
- 204 TANF Program Reduction Options
- 205 TANF Funds for the Earned Income Tax Credit

Children and Families -- Child Support

- 210 Child Support State Operations
- 211 Interest on Child Support Arrears
- 212 Funding for Local Child Support Enforcement Activities

Corrections -- Departmentwide

- 220 Overtime and Permanent GPR Reductions
- 221 Creation of Office of Inspector General
- 222 Information Technology Staffing and Funding
- 223 Fuel and Utilities Reestimate

Corrections -- Adult Corrections

- 225 Adult Populations, Population and Inflationary Cost Increases, and Prison Contract Bed Funding

Paper #

Corrections -- Community Corrections

230 Additional Funding and Positions for GPS and Electronic Monitoring of Offenders

Corrections -- Juvenile Corrections

235 Juvenile Population Estimates, Statutory Daily Rates, and Serious Juvenile Offenders

236 Deletion of Funding for Vacant Positions in Division of Juvenile Corrections

District Attorneys

245 Pay Progression for Attorneys

Employee Trust Funds

255 Business Processes Modernization and Technology Integration

256 Retired Employees Benefit Supplement Reestimate

257 State Employee High Deductible Health Plans and Health Savings Accounts

258 Tobacco User Surcharge for State Employee Health Insurance

259 Requirements for Rehired Annuitants

Employment Relations Commission

265 Restructuring of the Employment Relations Commission

Environmental Improvement Fund

270 General Obligation Bonding Authority and Present Value Subsidy Limit - Clean Water Fund Program

271 General Obligation Bonding Authority and Present Value Subsidy Limit - Safe Drinking Water Loan Program

272 Present Value Subsidy Limit -- Land Recycling Loan Program

Financial Institutions

275 Regulation of Rental-Purchase Companies

General Fund Taxes -- Income and Franchise Taxes

280 Income Tax Rate Reduction

281 Angel Investment Tax Credit -- Eliminate Maximum Credit Limit

282 Veterans and Surviving Spouses Property Tax Credit

283 Earned Income Tax Credit

284 Illinois - Wisconsin Reciprocity

285 Internal Revenue Code Update

286 Economic Development Tax Credit -- Maximum Total Credit Limit

287 Jobs Tax Credit

288 Enterprise Zone Tax Credits

289 Dairy Manufacturing Facility Tax Credit -- Cooperatives

Paper #

General Fund Taxes -- Sales and Excise Taxes

- 295 Sales and Use Tax Exemption for Qualified Research in Biotechnology and Advanced Manufacturing
- 296 Sales and Use Tax Exemption for Veterinary Services
- 297 Sales and Use Tax Exemption for Services of Printing and Imprinting Advertising and Promotional Direct Mail
- 298 Sales and Use Tax Filing Frequency
- 299 Exemption Certificate Reporting for Sales and Use Taxes
- 300 Definition of Cigarette Manufacturer

Government Accountability Board

- 310 Extend 2011 Act 23 Voter Identification Project Positions

Health Services -- Medical Assistance and Related Programs

- 320 MA Cost-to-Continue Reestimate
- 321 BadgerCare Plus -- Eligibility
- 322 Comprehensive Community Services
- 323 SeniorCare Base Reestimate
- 324 Estate Recovery
- 325 Divestment
- 326 Medical Assistance Purchase Plan
- 327 Family Care Expansion to Northeast Wisconsin
- 328 MA Quarterly Reports
- 329 ACA and BadgerCare Eligibility Changes -- Administration

Health Services -- Medical Assistance and FoodShare -- Administration

- 335 FoodShare Work Requirements and Employment and Training Funding
- 336 MA and FoodShare Administration
- 337 Certified Medical Coder Position
- 338 Funeral and Cemetery Aids

Health Services -- Other Health Programs and Departmentwide

- 345 HIV/AIDS Programs
- 346 Coordinated Services Teams
- 347 Peer-Run Respite Centers
- 348 Office of Children's Mental Health
- 349 Health Care Data Organization Grant
- 350 Graduate Medical Education Program Grants

Paper #

Health Services -- Care Facilities and Quality Assurance

- 360 Forensic Units at Mendota Mental Health Institute
- 361 Supplies and Services for Residents at DHS Facilities
- 362 Contracted Services for Mental Health Clients
- 363 Electronic Health Records for Care Facilities

Higher Educational Aids Board

- 365 Reestimate Wisconsin Covenant Scholars Grants
- 366 Dental Education Contract
- 367 Minnesota-Wisconsin Student Reciprocity Modification

Historical Society

- 375 Circus World Museum
- 376 Library and Archives Digital Repository

Insurance

- 380 Office Space
- 381 Health Insurance Risk-Sharing Plan (HIRSP) Board Proposal for Transition to Individual Market

Justice -- General Agency Provisions

- 390 Wisconsin Statewide Information Center
- 391 Solicitor General and Special Counsel Appropriation
- 392 Internet Crimes Against Children Taskforce
- 393 Community Policing Grant Program
- 394 Pooling of Concealed Weapons Licensure Program and Handgun Purchaser Record Check Program Revenue
- 395 Revenue from Delinquent Obligation Collections
- 396 Location and Naming of State Crime Laboratories
- 397 County Law Enforcement Services Grant Funding
- 398 Tribal Law Enforcement Assistance Grant Program

Justice -- Transfers

- 405 Transfer the Office of Justice Assistance

Justice -- DNA Collection

- 410 DNA Collection at Arrest and the DNA Analysis Surcharge

Paper #

Justice -- Victim and Witness Programs

- 415 GPS Tracking Grant Program for Individuals Subject to Domestic Abuse or Harassment
Restraining Orders or Injunctions
- 416 Crime Victim and Witness Program Funding

Medical College of Wisconsin

- 430 Family Medicine Residency Programs

Military Affairs

- 435 Standard Budget Adjustments
- 436 State Disaster Assistance Program
- 437 Emergency Management Volunteer Worker's Compensation Claims

Natural Resources -- Departmentwide

- 445 Standard Budget Adjustments
- 446 Equipment Pool Appropriation Changes
- 447 Lands Master Planning
- 448 Aids in Lieu of Taxes Reestimate
- 449 Aids in Lieu of Property Taxes Formula
- 450 Stewardship Debt Service
- 451 Stewardship Bonding Allocations

Natural Resources -- Fish, Wildlife, and Recreation

- 455 Fish and Wildlife Account Major Expenditure Items
- 456 Great Lakes Vessel Rental Appropriation
- 457 Crex Meadows Wildlife Educator
- 458 Deer Management Initiatives and DMAP
- 459 Emergency Rules -- Deer Management
- 460 Bonus Deer Hunting Permits and CWD Management
- 461 Elk Reintroduction from Outside Wisconsin
- 462 Wolf Hunting License Fee
- 463 Recreational Vehicle Reestimates
- 464 Endangered Resources Reestimate
- 465 Natural Resources Magazine Reestimate

Natural Resources -- Forestry and Parks

- 470 Armed Forces State Park and Trail Admissions

Paper #

Natural Resources -- Environmental Quality

- 475 Air Permit Fees -- Federally-Regulated Sources
- 476 Air Permit Fees -- State-Regulated Sources
- 477 Environmental Fund Overview
- 478 Sand Mine Monitoring
- 479 Small Business Environmental Assistance Program
- 480 Transfer Petroleum Inspection Fund Supplements from DNR to Miscellaneous Appropriations
- 481 Ballast Water Fees
- 482 Dry Cleaner Environmental Response Program
- 483 Groundwater Quantity Funding Reestimate
- 484 Tipping Fee Revenue Transfer
- 485 Soil and Water Resource Management Aids
- 486 Remote Water Quality Sensing

Office of State Employment Relations

- 490 State Employee Benefits Coordination

Public Instruction -- General School Aid and Revenue Limits

- 505 State Support for K-12 Education and General School Aids Funding Level
- 506 General Aid Calculation for Consolidated School Districts
- 507 Revenue Limit Adjustment for Uncounted Open Enrollment Pupils

Public Instruction -- Categorical Aids

- 510 School Performance Incentive Grants
- 511 Educator Effectiveness Evaluation System

Public Instruction -- Choice, Charter, and Open Enrollment

- 515 Milwaukee and Racine Parental Choice Programs -- Per Pupil Payments
- 516 Expansion of Parental Choice Program for Eligible School Districts
- 517 Special Needs Scholarships
- 518 Milwaukee and Racine Charter School Program Reestimate
- 519 Independent "2r" Charter School Per Pupil Payment Amount
- 520 Charter School Oversight Board
- 521 Contract Provisions for Independent "2r" Charter Schools
- 522 Contract Requirements for School District Sponsored Charter Schools
- 523 Expand Part-Time Open Enrollment Program to Course Options Program
- 524 Pupils Enrolled in Home-Based Private Educational Programs

Paper #

Public Instruction -- Administrative and Other Funding

- 535 Smarter Balanced and ACT Pupil Assessments
- 536 WISEdash Data System
- 537 Reading Assessment
- 538 Digital Learning Portal
- 539 Academic and Career Planning
- 540 Teach for America
- 541 Requirements for Master Educators
- 542 Requirements for Teachers

Residency Requirements

- 554 Local Government Employee Residency Requirements

Revenue -- Tax Administration

- 555 Audit Bureau and Compliance Bureau Revenue Collection Personnel
- 556 Increased Resources for Debt Collection
- 557 Federal Audit Reports Enforcement Activities
- 558 Increased Resources for Delinquent Tax Collection Activities
- 559 Tax Fraud Enforcement
- 560 Veteran Employment Tax Credit

Revenue -- Lottery Administration

- 565 Lottery Administration Positions

Safety and Professional Services -- Departmentwide and Professional Regulation

- 570 Standard Budget Adjustment: Full Funding of Continuing Positions
- 571 Information Technology Modernization
- 572 Transfer Information Technology Positions to DOA
- 573 Reclassify Division Administrator Position
- 574 Transfer Regulation of Certain Professions and Organizations to the Department of Financial Institutions

Safety and Professional Services -- Buildings and Environmental Regulation

- 575 Petroleum Inspection Fund Overview
- 576 Transfer PECFA Program from DSPP to DNR
- 577 PECFA Awards Appropriation
- 578 Transfer Petroleum Inspection and Tank Regulation from DSPP to DATCP
- 579 Safety and Buildings Staff
- 580 Fire Incident Reporting System and Fire Dues Reestimate
- 581 Transfer Commercial Construction Site Erosion Control From DSPP to DNR

Paper #

Shared Revenue and Tax Relief -- Direct Aid Payments

- 590 Public Utility Aid -- Sum Sufficient Reestimate
- 591 Public Utility Aid -- Production Plant Retirements
- 592 State Aid for Tax Exempt Computers, Cash Registers, and Fax Machines -- Sum Sufficient Reestimate
- 593 Expenditure Restraint Program Budget Test -- Contracted Services
- 594 Delete Joint Finance Committee Review of the Payments for Municipal Services Program

Shared Revenue and Tax Relief -- Property Tax Credits

- 600 School Levy Tax Credit Funding Source; Lottery and Gaming Credit Funding Level
- 601 Farmland Preservation Per-Acre Tax Credit Funding
- 602 First Dollar Credit Reestimate

Shared Revenue and Tax Relief -- Property Taxation

- 605 County and Municipal Levy Limit Carry Forward Adjustment

State Fair Park

- 615 Standard Budget Adjustments
- 616 Transfer Police Services to Department of Administration

Supreme Court

- 625 2011 Act 32 2013-15 Courts Lapse Requirement

Tourism

- 630 Standard Budget Adjustments
- 631 Tourism Marketing Funding
- 632 Kickapoo Valley Reserve -- Aids in Lieu of Property Taxes

Transportation -- Transportation Finance

- 635 Fund Condition Statement
- 636 Transportation Bond Summary and Use of Revenues from Other Funds to Support Transportation Programs

Transportation -- Local Transportation Aid

- 640 Mass Transit Operating Assistance -- Convert Funding to GPR and Mass Transit Funding Level
- 641 Expand Flood Damage Aids Program to Include Other Disasters

Paper #

Transportation -- Local Transportation Assistance

- 645 Freight Rail Preservation Program Bonding
- 646 Harbor Assistance Program Bonding
- 647 Create Transportation Alternatives Program and Delete Related Grant Programs
- 648 Passenger Rail Service

Transportation -- State Highway Program

- 650 Southeast Wisconsin Freeway Megaprojects -- Zoo Interchange and I-94 North-South
- 651 High-Cost Bridge Program -- Hoan Bridge and Lake Interchange Project
- 652 Major Highway Development Funding
- 653 I-94 East-West Freeway Corridor Project -- Design Engineering Funding and I-94 Lane Capacity Restriction
- 654 Transportation Projects Commission Review of Enumerated Projects
- 655 Highway Program Engineering Positions
- 656 Highway Project Design Inventory Requirement
- 657 State Highway Maintenance -- Routine Maintenance Funding and Program Restructuring and Traffic Signal and Intelligent Transportation System Installation, Replacement, and Rehabilitation
- 658 Sponsorship and Partnership Agreements
- 659 Community Sensitive Solutions Policy

Transportation -- State Patrol

- 665 State Patrol Recruit Class
- 666 Commercial Motor Carrier Inspector Positions and Intrastate Motor Carrier Regulation
- 667 Chemical Test Section -- Funding Source

University of Wisconsin System

- 675 PR Appropriation Balances
- 676 GPR Funding Increase and Compensation Plans
- 677 Incentive Grants
- 678 Carbone Cancer Center
- 679 Funding for Medical School Programs
- 680 Flexible Option
- 681 Core General Education Courses Transfer Agreement
- 682 Eligibility of Veterans for Tuition and Fee Remissions
- 683 Eligibility of Children and Spouses of Certain Veterans for Tuition and Fee Remissions

Paper #

Veterans Affairs -- Departmentwide, Veterans Programs, and Museums

- 690 Transfers to the Veterans Trust Fund
- 691 Tribal College Reimbursement Program
- 692 Grants to Organizations that Serve Veterans
- 693 Grants to Tribal Veteran Services Offices
- 694 Grant to VETransfer, Inc.
- 695 Transfer Veterans Employment Program from DWD
- 696 Wisconsin Veterans Museum and Joint Preservation Storage Facility
- 697 Military Funeral Honors
- 698 Position Classifications

Veterans Affairs -- Veterans Homes, Cemeteries, and Memorials

- 700 Staffing at the Veterans Home at King
- 701 Staffing at the Veterans Home at Union Grove
- 702 Priority for Admission to Veterans Homes

Wisconsin Economic Development Corporation

- 710 Increased Funding for Marketing
- 711 Increased Funding for Seed Capital

Wisconsin Housing and Economic Development Authority

- 720 Wisconsin Development Reserve Fund
- 721 Property Tax Deferral Loan Program

Wisconsin Technical College System

- 725 Performance Based Funding and General Aid
- 726 Grants to District Boards
- 727 Technical College Levy Limits

Workforce Development

- 735 GPR Funding for Vocational Rehabilitation Case Service Aids
- 736 Veterans in Piping Apprenticeship Program
- 737 Reestimate Unemployment Interest Payments and Transfers
- 738 Unemployment Insurance -- Work Search Requirements
- 739 Bureau of Workforce Information and Technical Support -- 2.00 Positions

