

Summary of Governor's Budget Recommendations

2013-15 Wisconsin State Budget

Legislative Fiscal Bureau
March, 2013

2013-15 WISCONSIN STATE BUDGET

Summary of Governor's Budget Recommendations

Legislative Fiscal Bureau

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INTRODUCTION

This document provides a summary of each agency, program, and item contained in the state's 2013-15 budget as recommended by the Governor. The Governor's budget has been introduced as Assembly Bill 40. Not addressed in AB 40 is the 2013-15 state building program. That budget is to be submitted to the Joint Committee on Finance by April 2, 2013.

An introductory portion of this document contains a Table of Contents, Index to Selected Provisions, Key to Abbreviations, and User's Guide. The Index to Selected Provisions is intended to assist the reader in locating items that one might not associate with a specific state agency.

The "2013-15 Overview" section provides a series of tables that display the Governor's recommended 2013-15 revenues, appropriations, and position levels.

Following the summary information is a section that contains summaries for each state agency and program within the bill. The agency summaries appear in alphabetical order and contain a funding and position table as well as a brief narrative description and corresponding fiscal effect, if any, of each budget provision.

The intent of the document is to summarize the Governor's 2013-15 budget as represented in AB 40, the Executive Budget Book, and other budget materials prepared by the Department of Administration. Accordingly, the revenue and appropriation amounts of this summary are those developed by the administration.

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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 Acts 10, 13, and 27 Budget adjustment legislation.

2011 Wisconsin Act 32 The 2011-13 budget act.

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

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 and any 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 accompanying sample on entry page 5.

- ① Name of agency.
- ② Listed in this column are the funding sources for the amounts shown in Columns 3 through 5. Only the funding sources which are included in the agency's budget are shown.
- ③ The 2012-13 base represents authorized appropriation and position levels for 2012-13.
- ④ The Governor's recommended budget and position levels for 2013-14 and 2014-15.
- ⑤ These columns indicate the change, by amount and percentage, of the Governor's recommendation over the 2012-13 base year, doubled. For positions, the comparison is made between the recommended authorization for 2014-15 and that of 2012-13.
- ⑥ Indicates the beginning of the summary of each fiscal and statutory change to the agency's base budget and current law.
- ⑦ This uniform entry, "Standard Budget Adjustments," includes such things as full funding of continuing positions, turnover reductions, and removal of one-time funding items. The box, to the right of the title, highlights the funding and position change to the agency's base as a result of the item. For every item which has a fiscal and/or position change, a box with that information will be presented.
- ⑧ Listed here will be the bill section(s), if any, of the budget bill which relate to the provision. If the only change is to the agency's funding level (contained in the appropriations schedule, SECTION 200 of the budget bill) no bill section will be listed.

HIGHER EDUCATIONAL AIDS BOARD

1

Budget Summary						FTE Position Summary				
2	3	4		5		3	4		5	
		2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15
Fund	Adjusted Base	2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$139,254,100	\$143,427,900	\$147,662,800	\$12,582,500	4.5%	11.00	11.00	11.00	0.00	0.0%
FED	1,567,700	1,567,700	1,567,700	0	0.0	0.00	0.00	0.00	0.00	0.0
PR	<u>1,234,800</u>	<u>1,234,800</u>	<u>1,234,800</u>	<u>0</u>	0.0	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	0.0
TOTAL	\$142,056,600	\$146,230,400	\$150,465,300	\$12,582,500	4.4%	11.00	11.00	11.00	0.00	0.0%

6 Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$117,400
-----	------------

7 **Governor:** 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. DENTAL EDUCATION CONTRACT

GPR	\$519,900
-----	-----------

Governor: 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).

8 [Bill Section: 223]



2013-15 OVERVIEW

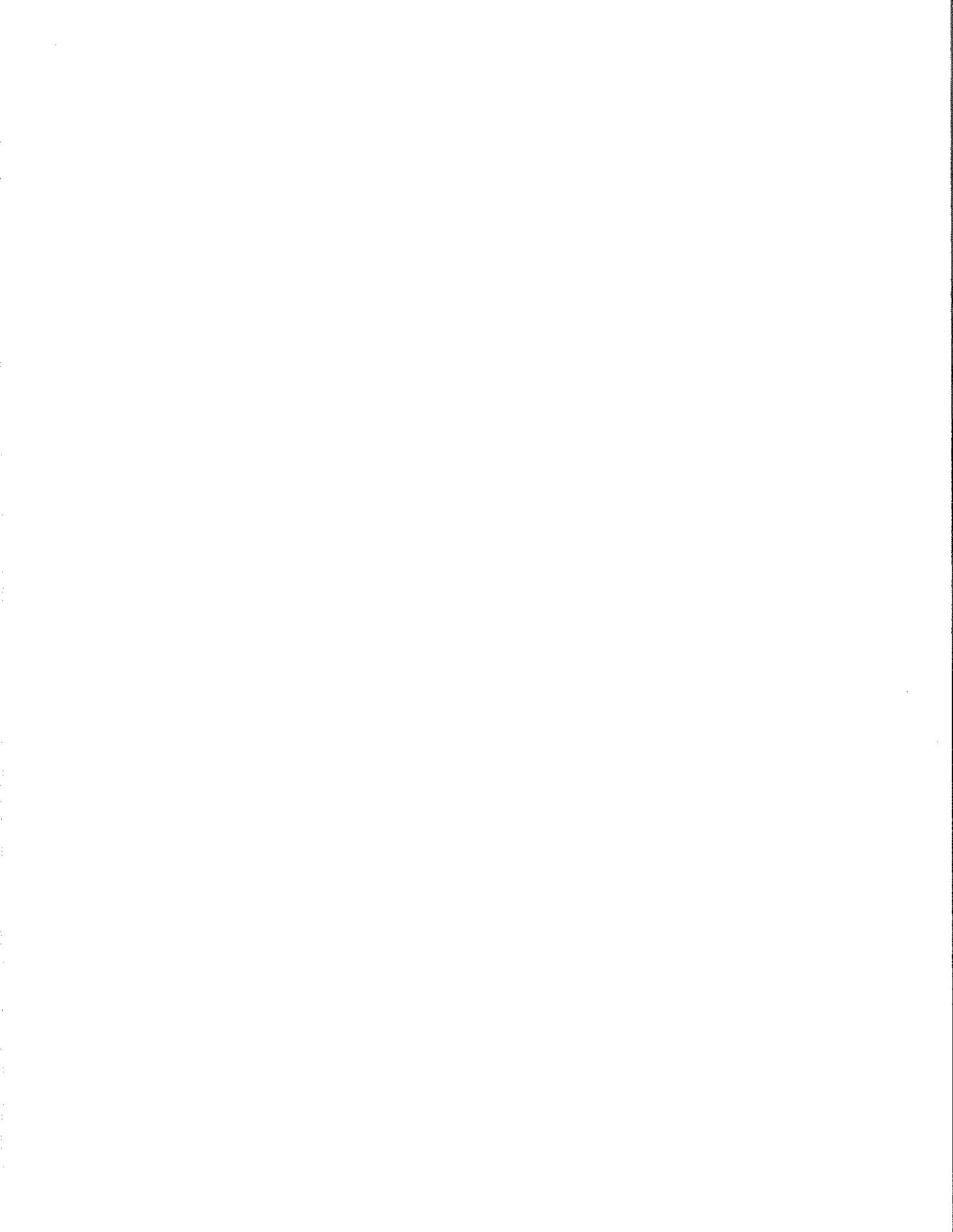


TABLE 1

**Summary of 2013-15 Appropriations,
Compensation Reserves, and Authorizations**

<u>Fund Source</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>	<u>% of Total</u>
General Purpose Revenue	\$15,024,784,600	\$15,583,820,000	\$30,608,604,600	44.2%
Appropriations	14,978,420,900	15,507,819,500	30,486,240,400	
Compensation Reserves	46,363,700	76,000,500	122,364,200	
Federal Revenue	9,675,297,600	9,935,616,500	19,610,914,100	28.3
Appropriations	9,663,243,000	9,915,856,400	19,579,099,400	
Compensation Reserves	12,054,600	19,760,100	31,814,700	
Program Revenue	4,982,035,700	5,024,759,700	10,006,795,400	14.4
Appropriations	4,961,635,700	4,991,319,500	9,952,955,200	
Compensation Reserves	20,400,000	33,440,200	53,840,200	
Segregated Revenue	4,062,703,300	3,954,373,500	8,017,076,800	11.6
Appropriations	4,048,794,200	3,931,573,400	7,980,367,600	
Compensation Reserves	<u>13,909,100</u>	<u>22,800,100</u>	<u>36,709,200</u>	
Subtotal	\$33,744,821,200	\$34,498,569,700	\$68,243,390,900	98.5%
Appropriations	33,652,093,800	34,346,568,800	67,998,662,600	
Compensation Reserves	92,727,400	152,000,900	244,728,300	
Bond Revenue			1,029,312,000	1.5
General Obligation Bonding			612,800,000*	
Revenue Bonding			<u>416,512,000</u>	
TOTAL			\$69,272,702,900	100.0%

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

TABLE 2

Summary of Total All Funds Appropriations by Agency

Agency	2012-13 Base Year Doubled	2013-15 Agency Request	Governor's Recommendation			2013-15 Change Over Base Doubled	
			2013-14	2014-15	2013-15	Amount	%
Administration	\$2,442,165,600	\$2,442,799,100	\$976,703,700	\$938,854,300	\$1,915,558,000	-\$526,607,600	- 21.6%
Agriculture, Trade and Consumer Prot.	207,547,200	198,247,200	96,486,900	95,338,400	191,825,300	- 15,721,900	- 7.6
Bd. for People with Developmental Disab.	2,603,400	2,809,800	1,404,900	1,404,900	2,809,800	206,400	7.9
Board of Commissioners of Public Lands	3,094,400	3,084,800	1,548,900	1,550,500	3,099,400	5,000	0.2
Board on Aging and Long-Term Care	5,696,000	5,647,600	2,851,700	2,829,300	5,681,000	- 15,000	- 0.3
Building Commission	82,923,400	82,923,400	42,944,900	60,686,000	103,630,900	20,707,500	25.0
Child Abuse and Neglect Prevention Board	5,996,400	5,991,900	3,002,400	3,003,300	6,005,700	9,300	0.2
Children and Families	2,200,284,600	2,190,905,500	1,122,966,100	1,122,494,200	2,245,460,300	45,175,700	2.1
Circuit Courts	193,162,400	203,437,500	94,733,700	94,733,700	189,467,400	- 3,695,000	- 1.9
Compensation Reserves	287,762,000	287,762,000	92,727,400	152,000,900	244,728,300	- 43,033,700	- 15.0
Corrections	2,549,726,600	2,570,774,200	1,278,053,800	1,277,869,900	2,555,923,700	6,197,100	0.2
Court of Appeals	20,954,000	21,010,400	10,246,400	10,267,800	20,514,200	- 439,800	- 2.1
District Attorneys	90,414,000	102,163,300	45,803,000	48,315,200	94,118,200	3,704,200	4.1
Educational Communications Board	38,380,400	40,017,600	19,652,200	19,838,800	39,491,000	1,110,600	2.9
Employee Trust Funds	72,530,600	90,079,900	41,372,100	42,278,800	83,650,900	11,120,300	15.3
Employment Relations Commission	6,396,000	5,770,900	1,982,500	1,484,300	3,466,800	- 2,929,200	- 45.8
Environmental Improvement Fund	96,497,000	96,497,000	45,977,200	47,943,200	93,920,400	- 2,576,600	- 2.7
Financial Institutions	35,651,600	35,863,200	17,849,700	17,947,900	35,797,600	146,000	0.4
Fox River Navigational System Authority	250,800	250,800	125,400	125,400	250,800	0	0.0
Government Accountability Board	13,166,400	14,718,800	6,927,500	6,602,500	13,530,000	363,600	2.8
Governor	8,871,600	7,482,600	3,741,300	3,741,300	7,482,600	- 1,389,000	- 15.7
Health Services	18,093,107,000	19,138,783,500	9,818,396,600	10,324,381,700	20,142,778,300*	2,049,671,300	11.3
Higher Educational Aids Board	284,113,200	283,909,200	146,230,400	150,465,300	296,695,700	12,582,500	4.4
Historical Society	43,656,000	43,755,600	23,872,200	24,062,500	47,934,700	4,278,700	9.8
Insurance	208,578,000	216,239,200	108,069,600	108,013,000	216,082,600	7,504,600	3.6
Investment Board	70,600,000	70,600,000	35,300,000	35,300,000	70,600,000	0	0.0
Judicial Commission	581,800	603,900	289,200	289,700	578,900	- 2,900	- 0.5
Judicial Council	139,400	249,300	66,500	66,800	133,300	- 6,100	- 4.4
Justice	178,898,800	194,532,800	118,925,800	121,454,700	240,380,500	61,481,700	34.4
Legislature	152,094,200	150,163,600	75,052,400	75,111,200	150,163,600	- 1,930,600	- 1.3
Lieutenant Governor	787,000	633,200	316,600	316,600	633,200	- 153,800	- 19.5
Lower-WI State Riverway Board	405,200	417,500	208,700	208,800	417,500	12,300	3.0
Medical College of Wisconsin	15,818,000	15,818,000	9,255,700	9,428,000	18,683,700	2,865,700	18.1
Military Affairs	167,195,400	169,449,700	102,844,100	102,663,500	205,507,600	38,312,200	22.9
Miscellaneous Appropriations	249,704,800	256,925,600	129,136,800	132,488,500	261,625,300	11,920,500	4.8
Natural Resources	1,123,354,000	1,106,591,700	570,591,700	573,676,600	1,144,268,300	20,914,300	1.9
Office of State Employment Relations	11,286,200	11,629,200	5,972,800	6,031,800	12,004,600	718,400	6.4
Program Supplements	51,134,200	19,682,000	4,841,000	4,841,000	9,682,000	- 41,452,200	- 81.1
Public Defender	166,811,200	175,765,300	88,492,100	83,325,100	171,817,200	5,006,000	3.0
Public Instruction	12,056,969,800	12,861,568,100	6,091,137,100	6,253,888,100	12,345,025,200	288,055,400	2.4
Public Service Commission	48,966,600	48,187,800	23,753,400	23,677,000	47,430,400	- 1,536,200	- 3.1
Revenue	352,047,800	343,271,200	180,021,000	179,703,800	359,724,800	7,677,000	2.2
Safety and Professional Services	133,252,600	118,088,800	52,890,900	52,874,200	105,765,100	- 27,487,500	- 20.6
Secretary of State	1,027,200	1,015,600	507,000	508,600	1,015,600	- 11,600	- 1.1
Shared Revenue and Tax Relief	4,762,697,200	4,807,170,600	2,410,479,900	2,424,133,300	4,834,613,200	71,916,000	1.5

TABLE 2 (continued)

Summary of Total All Funds Appropriations by Agency

Agency	2012-13 Base Year Doubled	2013-15 Agency Request	Governor's Recommendation			2013-15 Change Over Base Doubled	
			2013-14	2014-15	2013-15	Amount	%
State Fair Park Board	\$44,359,800	\$47,602,700	\$22,824,900	\$22,840,000	\$45,664,900	\$1,305,100	2.9%
State Treasurer	9,722,200	9,752,200	4,874,600	4,877,600	9,752,200	30,000	0.3
Supreme Court	63,995,000	62,445,800	31,154,500	31,198,000	62,352,500	- 1,642,500	- 2.6
Tourism	35,427,400	34,340,600	17,960,500	17,964,100	35,924,600	497,200	1.4
Transportation	5,933,278,600	5,918,729,300	3,067,380,300	3,028,512,900	6,095,893,200	162,614,600	2.7
University of Wisconsin System	11,624,964,000	11,849,055,300	5,985,137,300	6,033,363,900	12,018,501,200	393,537,200	3.4
Veterans Affairs	274,897,200	276,173,600	141,685,200	142,129,700	283,814,900	8,917,700	3.2
WI Economic Development Corporation	153,959,600	151,101,400	61,300,700	66,700,700	128,001,400	- 25,958,200	- 16.9
WI Housing & Economic Development Auth.	0	2,500,000	2,500,000	0	2,500,000	2,500,000	N.A.
Wisconsin Technical College System	292,590,600	384,943,200	145,491,200	150,501,100	295,992,300	3,401,700	1.2
Workforce Development	659,659,200	730,219,500	360,758,800	364,261,300	725,020,100	65,360,900	9.9
TOTAL	\$65,630,153,600	\$67,910,152,500	\$33,744,821,200	\$34,498,569,700	\$68,243,390,900*	\$2,613,237,300*	4.0%

*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 \$1,781,239,300 or 2.7%, rather than the \$2,613,237,300 and 4.0% shown in the table.

TABLE 3

Summary of All Funds Full-Time Equivalent Positions by Agency

Agency	2012-13 Base	2014-15 Agency Request	Governor		Governor's 2014-15 Change Over 2012-13	
			2013-14	2014-15	Number	Percent
Administration	1,027.31	1,019.76	1,014.03	1,008.03	- 19.28	- 1.9%
Agriculture, Trade and Consumer Protection	594.89	637.39	630.89	630.89	36.00	6.1
Board for People with Developmental Disab.	6.75	6.75	6.75	6.75	0.00	0.0
Board of Commissioners of Public Lands	8.50	8.50	9.50	9.50	1.00	11.8
Board on Aging and Long-Term Care	37.00	37.00	37.00	37.00	0.00	0.0
Child Abuse and Neglect Prevention Board	6.00	6.00	6.00	6.00	0.00	0.0
Children and Families	778.00	800.61	791.91	788.61	10.61	1.4
Circuit Courts	527.00	527.00	527.00	527.00	0.00	0.0
Corrections	10,254.37	10,263.12	10,287.27	10,305.02	50.65	0.5
Court of Appeals	75.50	76.50	75.50	75.50	0.00	0.0
District Attorneys	424.90	471.70	422.90	422.90	- 2.00	- 0.5
Educational Communications Board	56.68	56.68	56.68	56.68	0.00	0.0
Employee Trust Funds	260.20	264.20	262.20	262.20	2.00	0.8
Employment Relations Commission	25.50	24.00	9.01	9.01	- 16.49	- 64.7
Financial Institutions	136.54	141.54	141.54	141.54	5.00	3.7
Government Accountability Board	53.75	50.75	53.75	48.75	- 5.00	- 9.3
Governor	37.25	37.25	37.25	37.25	0.00	0.0
Health Services	5,923.80	5,963.55	6,172.05	6,204.05	280.25	4.7
Higher Educational Aids Board	11.00	11.00	11.00	11.00	0.00	0.0
Historical Society	131.54	133.04	136.04	136.04	4.50	3.4
Insurance	152.30	152.30	154.30	154.30	2.00	1.3
Investment Board	145.10	145.10	145.10	145.10	0.00	0.0
Judicial Commission	2.00	2.00	2.00	2.00	0.00	0.0
Judicial Council	1.00	1.00	1.00	1.00	0.00	0.0
Justice	609.49	645.49	666.74	675.74	66.25	10.9
Legislature	777.97	777.97	777.97	777.97	0.00	0.0
Lieutenant Governor	4.00	4.00	4.00	4.00	0.00	0.0
Lower-WI State Riverway Board	2.00	2.00	2.00	2.00	0.00	0.0
Military Affairs	416.56	418.56	428.86	428.86	12.30	3.0
Natural Resources	2,658.94	2,641.34	2,682.84	2,670.34	11.40	0.4
Office of State Employment Relations	48.65	48.65	49.95	49.95	1.30	2.7
Public Defender	579.85	591.85	579.85	579.85	0.00	0.0
Public Instruction	635.57	632.96	634.77	629.96	- 5.61	- 0.9
Public Service Commission	153.00	147.00	149.00	147.00	- 6.00	- 3.9
Revenue	1,052.08	1,023.13	1,090.13	1,090.13	38.05	3.6

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

<u>Agency</u>	2012-13	2014-15	<u>Governor</u>		<u>Governor's 2014-15</u>	
	<u>Base</u>	<u>Request</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Change Over 2012-13</u>	<u>Number</u>
Safety and Professional Services	369.60	312.10	284.60	284.60	- 85.00	- 23.0%
Secretary of State	4.00	4.00	4.00	4.00	0.00	0.0
State Fair Park Board	39.90	41.00	39.00	39.00	- 0.90	- 2.3
State Treasurer	9.95	9.95	9.95	9.95	0.00	0.0
Supreme Court	219.75	219.75	219.75	219.75	0.00	0.0
Tourism	35.00	35.00	35.00	35.00	0.00	0.0
Transportation	3,350.04	3,550.04	3,549.04	3,549.04	199.00	5.9
University of Wisconsin System	34,675.96	34,872.46	34,682.46	34,688.96	13.00	0.0
Veterans Affairs	1,136.10	1,136.91	1,332.70	1,330.70	194.60	17.1
Wisconsin Technical College System	63.00	66.50	58.00	58.00	- 5.00	- 7.9
Workforce Development	<u>1,744.81</u>	<u>1,731.76</u>	<u>1,677.76</u>	<u>1,672.76</u>	<u>- 72.05</u>	<u>- 4.1</u>
TOTAL	69,263.10	69,749.16	69,949.04	69,973.68	710.58	1.0%

Full-Time Equivalent Positions Summary by Funding Source

<u>Fund</u>	2012-13	2014-15	<u>Governor</u>		<u>Governor's 2014-15</u>	
	<u>Base</u>	<u>Request</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Change Over 2012-13</u>	<u>Number</u>
GPR	35,796.58	36,159.10	36,044.28	36,097.21	300.63	0.8%
FED	10,662.93	10,595.51	10,701.61	10,664.32	1.39	0.0
PR	17,753.23	17,847.44	16,772.14	16,783.14	- 970.09	- 5.5
SEG	<u>5,050.36</u>	<u>5,147.11</u>	<u>6,431.01</u>	<u>6,429.01</u>	<u>1,378.65</u>	<u>27.3</u>
TOTAL	69,263.10	69,749.16	69,949.04	69,973.68	710.58	1.0%

TABLE 4
Summary of General Fund Appropriations by Agency

Agency	2012-13 Base Year Doubled	2013-15 Agency Request	Governor's Recommendation			2013-15 Change Over Base Doubled	
			2013-14	2014-15	2013-15	Amount	%
Administration	\$1,295,949,800	\$1,296,234,000	\$446,212,300	\$415,291,600	\$861,503,900	-\$434,445,900	-33.5%
Agriculture, Trade and Consumer Prot.	57,662,000	52,802,200	26,767,000	26,336,700	53,103,700	-4,558,300	-7.9
Bd. for People with Developmental Disab.	51,800	118,200	59,100	59,100	118,200	66,400	128.2
Board on Aging and Long-Term Care	2,154,400	2,089,600	1,126,300	1,126,300	2,252,600	98,200	4.6
Building Commission	78,590,800	78,590,800	39,320,500	54,862,500	94,183,000	15,592,200	19.8
Child Abuse and Neglect Prevention Board	1,999,200	1,993,400	996,700	996,700	1,993,400	-5,800	-0.3
Children and Families	710,823,400	702,826,700	348,181,500	354,992,900	703,174,400	-7,649,000	-1.1
Circuit Courts	192,697,000	203,437,500	94,501,000	94,501,000	189,002,000	-3,695,000	-1.9
Compensation Reserves	123,820,000	123,820,000	46,363,700	76,000,500	122,364,200	-1,455,800	-1.2
Corrections	2,316,365,200	2,340,983,200	1,163,404,800	1,162,811,800	2,326,216,600	9,851,400	0.4
Court of Appeals	20,954,000	21,010,400	10,246,400	10,267,800	20,514,200	-439,800	-2.1
District Attorneys	83,790,200	96,119,600	42,340,200	44,848,900	87,189,100	3,398,900	4.1
Educational Communications Board	16,078,600	16,386,200	7,933,400	7,915,200	15,848,600	-230,000	-1.4
Employee Trust Funds	866,200	571,200	321,100	250,100	571,200	-295,000	-34.1
Employment Relations Commission	5,149,600	4,909,500	1,797,400	1,381,000	3,178,400	-1,971,200	-38.3
Environmental Improvement Fund	80,497,000	80,497,000	37,977,200	39,943,200	77,920,400	-2,576,600	-3.2
Government Accountability Board	5,329,400	6,834,100	2,818,800	2,826,500	5,645,300	315,900	5.9
Governor	8,871,600	7,482,600	3,741,300	3,741,300	7,482,600	-1,389,000	-15.7
Health Services	5,649,021,200	6,296,324,400	3,088,191,100	3,323,952,300	6,412,143,400	763,122,200	13.5
Higher Educational Aids Board	278,508,200	278,304,200	143,427,900	147,662,800	291,090,700	12,582,500	4.5
Historical Society	28,265,800	28,102,400	14,829,900	15,016,100	29,846,000	1,580,200	5.6
Judicial Commission	581,800	603,900	289,200	289,700	578,900	-2,900	-0.5
Judicial Council	139,400	249,300	66,500	66,800	133,300	-6,100	-4.4
Justice	83,396,200	85,560,000	45,587,000	46,866,300	92,453,300	9,057,100	10.9
Legislature	148,192,000	146,179,500	73,065,700	73,113,800	146,179,500	-2,012,500	-1.4
Lieutenant Governor	787,000	633,200	316,600	316,600	633,200	-153,800	-19.5
Medical College of Wisconsin	15,323,000	15,323,000	9,008,200	9,180,500	18,188,700	2,865,700	18.7
Military Affairs	48,026,000	48,210,400	24,139,300	24,258,800	48,398,100	372,100	0.8
Miscellaneous Appropriations	192,268,800	200,654,300	99,199,900	102,223,400	201,423,300	9,154,500	4.8
Natural Resources	256,920,400	250,585,300	135,919,700	138,989,000	274,908,700	17,988,300	7.0
Program Supplements	39,079,800	19,682,000	4,841,000	4,841,000	9,682,000	-29,397,800	-75.2
Public Defender	164,232,200	173,060,300	87,190,900	82,023,800	169,214,700	4,982,500	3.0
Public Instruction	10,324,891,800	11,085,099,600	5,220,877,700	5,380,559,100	10,601,436,800	276,545,000	2.7
Revenue	186,431,000	169,831,200	90,693,700	90,040,300	180,734,000	-5,697,000	-3.1
Safety and Professional Services	4,826,400	4,824,600	2,412,300	2,412,300	4,824,600	-1,800	0.0
Shared Revenue and Tax Relief	4,295,778,200	4,331,058,000	2,136,517,700	2,157,370,700	4,293,888,400	-1,889,800	0.0
State Fair Park Board	6,738,600	6,738,600	3,494,900	3,494,600	6,989,500	250,900	3.7
Supreme Court	30,550,600	29,714,900	14,775,400	14,802,200	29,577,600	-973,000	-3.2
Tourism	9,348,400	8,254,200	5,322,400	5,325,800	10,648,200	1,299,800	13.9
Transportation	324,592,000	324,386,300	177,301,000	250,649,600	427,950,600	103,358,600	31.8
University of Wisconsin System	2,249,806,800	2,286,653,300	1,200,147,000	1,231,007,000	2,431,154,000	181,347,200	8.1
Veterans Affairs	5,255,400	24,118,800	2,402,800	2,386,500	4,789,300	-466,100	-8.9
WI Economic Development Corporation	65,581,200	62,723,000	35,111,500	38,511,500	73,623,000	8,041,800	12.3
WI Housing and Economic Development Auth.	0	2,500,000	2,500,000	0	2,500,000	2,500,000	N.A.
Wisconsin Technical College System	216,494,600	308,927,200	108,286,200	113,292,700	221,578,900	5,084,300	2.3
Workforce Development	49,227,000	51,519,600	24,760,400	27,013,700	51,774,100	2,547,100	5.2
TOTAL	\$29,675,914,000	\$31,276,527,700	\$15,024,784,600	\$15,583,820,000	\$30,608,604,600	\$932,690,600	3.1%

TABLE 5

Summary of General Fund Full-Time Equivalent Positions by Agency

Agency	2012-13 Base	2014-15 Agency Request	Governor		Governor's 2014-15 Change Over 2012-13	
			2013-14	2014-15	Number	Percent
Administration	98.25	95.25	98.84	95.84	- 2.41	- 2.5%
Agriculture, Trade and Consumer Protection	211.00	211.00	211.00	211.00	0.00	0.0
Board on Aging and Long-Term Care	14.73	14.73	15.73	15.73	1.00	6.8
Child Abuse and Neglect Prevention Board	1.00	1.00	1.00	1.00	0.00	0.0
Children and Families	217.65	218.65	218.65	218.65	1.00	0.5
Circuit Courts	527.00	527.00	527.00	527.00	0.00	0.0
Corrections	9,655.22	9,689.22	9,704.12	9,721.87	66.65	0.7
Court of Appeals	75.50	76.50	75.50	75.50	0.00	0.0
District Attorneys	380.90	429.70	380.90	380.90	0.00	0.0
Educational Communications Board	35.14	35.14	35.14	35.14	0.00	0.0
Employment Relations Commission	20.50	19.00	9.01	9.01	- 11.49	- 56.0
Government Accountability Board	19.30	21.30	19.30	19.30	0.00	0.0
Governor	37.25	37.25	37.25	37.25	0.00	0.0
Health Services	2,460.17	2,483.62	2,627.27	2,643.91	183.74	7.5
Higher Educational Aids Board	11.00	11.00	11.00	11.00	0.00	0.0
Historical Society	100.15	100.65	100.65	100.65	0.50	0.5
Judicial Commission	2.00	2.00	2.00	2.00	0.00	0.0
Judicial Council	0.50	1.00	0.50	0.50	0.00	0.0
Justice	383.08	394.41	400.58	400.58	17.50	4.6
Legislature	758.17	758.17	758.17	758.17	0.00	0.0
Lieutenant Governor	4.00	4.00	4.00	4.00	0.00	0.0
Military Affairs	80.63	80.63	80.63	80.63	0.00	0.0
Natural Resources	291.10	285.00	285.00	285.00	- 6.10	- 2.1
Public Defender	574.85	585.85	574.85	574.85	0.00	0.0
Public Instruction	250.24	257.43	253.24	254.43	4.19	1.7
Revenue	859.28	829.33	875.33	875.33	16.05	1.9
Safety and Professional Services	1.00	1.00	1.00	1.00	0.00	0.0
Supreme Court	114.50	114.50	114.50	114.50	0.00	0.0
Tourism	30.00	30.00	30.00	30.00	0.00	0.0
University of Wisconsin System	18,432.76	18,556.76	18,439.26	18,445.76	13.00	0.1
Veterans Affairs	0.00	117.30	0.00	0.00	0.00	N.A.
Wisconsin Technical College System	23.25	25.25	23.25	23.25	0.00	0.0
Workforce Development	<u>126.46</u>	<u>145.46</u>	<u>129.61</u>	<u>143.46</u>	<u>17.00</u>	13.4
TOTAL	35,796.58	36,159.10	36,044.28	36,097.21	300.63	0.8%

TABLE 6

2013-15 General Fund Condition Statement

	<u>2013-14</u>	<u>2014-15</u>
Revenues		
Opening Balance, July 1	\$487,545,300*	\$286,916,900
Taxes	13,991,205,900	14,520,998,000
Departmental Revenues		
Tribal Gaming Revenues	25,985,400	26,766,700
Other	<u>563,520,500</u>	<u>521,019,700</u>
Total Available	\$15,068,257,100	\$15,355,701,300
 Appropriations, Transfers, and Reserves		
Gross Appropriations	\$14,978,420,900	\$15,507,819,500
2013 Enrolled AB 14	9,160,000	10,660,000
Transfers to:		
Transportation Fund	58,127,000	36,302,500
Veterans Trust Fund	5,300,000	0
Compensation Reserves	46,363,700	76,000,500
Less Lapses	<u>-316,031,400</u>	<u>-363,180,900</u>
Net Appropriations	\$14,781,340,200	\$15,267,601,600
 Balances		
Gross Balance	\$286,916,900	\$88,099,700
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$221,916,900	\$23,099,700

*The opening balance assumes enactment of 2013 Enrolled Assembly Bill 14 (workforce training programs). That bill would appropriate \$180,000 in 2012-13. As of the writing of this document, AB 14 had been passed by both houses of the Legislature, but had not yet been signed by the Governor.

TABLE 7**Estimated 2013-15 General Fund Taxes**

<u>Tax Source</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-15</u>	<u>% of Total</u>
Individual Income	\$7,326,061,000	\$7,737,406,000	\$15,063,467,000	52.8%
Sales and Use	4,499,390,000	4,609,270,000	9,108,660,000	31.9
Corporate Income and Franchise	906,762,900	908,830,000	1,815,592,900	6.4
Public Utility	358,292,000	355,892,000	714,184,000	2.5
Excise				
Cigarette	551,400,000	541,400,000	1,092,800,000	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	\$13,991,205,900	\$14,520,998,000	\$28,512,203,900	100.0%

TABLE 8

2013-15 Departmental Revenues

<u>Agency</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Total</u>
Administration	\$5,611,500	\$5,611,500	\$11,223,000
Agriculture, Trade and Consumer Protection	77,100	77,100	154,200
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	62,812,300	62,532,300	125,344,600
Health Services	23,386,500	23,386,500	46,773,000
Higher Educational Aids Board	540,000	540,000	1,080,000
Insurance	22,412,500	22,758,600	45,171,100
Justice	363,600	363,600	727,200
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
Program Revenue 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	1,960,000	1,460,000	3,420,000
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	177,100	177,100	354,200
Subtotal	\$563,520,500	\$521,019,700	\$1,084,540,200
Tribal Gaming	<u>25,985,400</u>	<u>26,766,700</u>	<u>52,752,100</u>
TOTAL	\$589,505,900	\$547,786,400	\$1,137,292,300

TABLE 9

Summary of 2013-15 Appropriations By Functional Area

All Funds

<u>Functional Area</u>	<u>Amount</u>	<u>% of Total</u>
Human Relations and Resources	\$26,513,466,900	38.9%
Education	25,062,323,800	36.7
Environmental Resources	7,370,674,800	10.8
Shared Revenue and Tax Relief	4,834,613,200	7.1
General Executive	2,648,868,500	3.9
Commerce	770,567,300	1.1
General Appropriations	374,938,200	0.5
Judicial	273,046,300	0.4
Compensation Reserves	244,728,300	0.4
Legislature	<u>150,163,600</u>	<u>0.2</u>
TOTAL	\$68,243,390,900	100.0%

General Purpose Revenue

<u>Functional Area</u>	<u>Amount</u>	<u>% of Total</u>
Education	\$13,609,143,700	44.5%
Human Relations and Resources	9,736,180,900	31.8
Shared Revenue and Tax Relief	4,293,888,400	14.0
General Executive	1,225,784,900	4.0
Environmental Resources	791,427,900	2.6
General Appropriations	305,288,300	1.0
Judicial	239,806,000	0.8
Legislature	146,179,500	0.5
Commerce	138,540,800	0.4
Compensation Reserves	<u>122,364,200</u>	<u>0.4</u>
TOTAL	\$30,608,604,600	100.0%

TABLE 10

**Summary of 2013-15 Appropriations
By Purpose**

All Funds

<u>Purpose</u>	<u>Amount</u>	<u>% of Total</u>
State Operations	\$26,854,160,800	39.4%
Aids to Individuals and Organizations	21,498,204,900	31.5
Local Assistance	<u>19,891,025,200</u>	<u>29.1</u>
TOTAL	\$68,243,390,900	100.0%

General Purpose Revenue

<u>Purpose</u>	<u>Amount</u>	<u>% of Total</u>
Local Assistance	\$15,112,044,300	49.4%
State Operations	8,221,647,400	26.8
Aids to Individuals and Organizations	<u>7,274,912,900</u>	<u>23.8</u>
TOTAL	\$30,608,604,600	100.0%

STATE AGENCY 2013-15 BUDGET SUMMARIES



ADMINISTRATION

Budget Summary						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$647,974,900	\$446,212,300	\$415,291,600	-\$434,445,900	-33.5%	98.25	98.84	95.84	-2.41	-2.5%
FED	200,897,000	143,275,700	143,064,300	-115,454,000	-28.7	110.01	75.18	71.18	-38.83	-35.3%
PR	322,113,900	331,346,300	329,327,800	16,446,300	2.6	807.45	827.41	828.41	20.96	2.6
SEG	50,097,000	55,869,400	51,170,600	6,846,000	6.8	11.60	12.60	12.60	1.00	8.6
TOTAL	\$1,221,082,800	\$976,703,700	\$938,854,300	-\$526,607,600	-21.6%	1,027.31	1,014.03	1,008.03	-19.28	-1.9%

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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 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).

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

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

Governor: 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	Positions
GPR	\$0	0.01
FED	-314,200	-2.35
PR	-52,800	-0.59
Total	-\$367,000	-2.93

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: 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: 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: 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

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

Governor: 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); (f) principal repayment and interest for parking in Madison (-\$20,300 PR in 2013-14 and -\$40,000 PR in 2014-15); and (g) 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

GPR	\$25,000,000
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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.

[Bill Sections: 54 and 414]

8. COMMUNITY DEVELOPMENT BLOCK GRANT ADMINISTRATION

	Funding	Positions
GPR	\$500,000	3.00

Governor: 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."]

[Bill Sections: 63, 64, and 455 thru 459]

9. SERVICE AWARD PROGRAM FUNDING AND CAP INCREASE

GPR	\$315,000
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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.

[Bill Section: 430]

10. REGIONAL INTERGOVERNMENTAL AFFAIRS POSITIONS

	Funding	Positions
PR	\$1,088,000	4.00

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 Executive Budget Book indicates the positions would staff four offices in different regions of the state (in Milwaukee, as well as in the North, 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 \$69,294 and \$107,407 annually).

[Bill Sections: 53, 494, and 2009]

11. EXCESS PROPERTY INSURANCE

PR	\$5,000,000
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Governor: 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

PR	\$2,277,800
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Governor: 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

Governor: 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.

[Bill Sections: 156 thru 160]

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

Governor: 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.

[Bill Section: 429]

15. CHILD PROTECTIVE SERVICES APPEALS EXPENDITURE AND POSITION AUTHORITY

	Funding	Positions
PR	\$99,100	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). [See "Children and Families -- Children and Families."]

16. REGISTER OF DEEDS FEES AND LAND INFORMATION PROGRAM

PR-REV	\$2,500,000
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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.

[Bill Sections: 1241 thru 1243, and 1248 thru 1250]

17. STATEWIDE DIGITAL PARCEL MAP

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.

[Bill Section: 186]

18. LEGAL SERVICES TO STATE AGENCIES

Governor: 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.

[Bill Sections: 50 and 51]

Transfers

1. TRANSFER THE OFFICE OF JUSTICE ASSISTANCE

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

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."]

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 System Board. Delete the authority of the Board to accept gifts, grants and bequests to be used in the execution of its functions and to permit it 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.

[Bill Sections: 29, 30, 37, 38, 43, 44, 97, 161 thru 185, 339, 382, 386, 387, 416 thru 420, 428, 433 thru 454, 460, 584, 615, 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

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.

[Bill Sections: 1, 28, 252, 379, and 2160]

3. INFORMATION TECHNOLOGY TRANSFER FROM THE DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

	Funding	Positions
PR	\$2,683,000	10.00

Governor: 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.

[Bill 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: 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.

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

5. STATE FAIR PARK POLICE AND SECURITY SERVICES AGREEMENT

	Funding	Positions
PR	\$2,088,600	1.00

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.

[Bill Section: 761]

6. TRANSFER FACILITY DESIGN POSITIONS TO DOA

	Funding	Positions
PR	\$637,400	4.00

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.

[Bill Sections: 138, 432, 9102(1), 9132(1), 9145(2), and 9151(1)]

7. TRANSFER CHILD ABUSE AND NEGLECT PREVENTION BOARD

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."]

[Bill Sections: 41 and 42]

Information Technology

1. ENTERPRISE RESOURCE PLANNING SYSTEM

GPR	\$1,000,000
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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, the Department 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, the Department 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 the Department 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.

[Bill Sections: 187, 415, 421 thru 423, 427, 476, and 477]

2. SELF-FUNDED PORTAL -- EXPENDITURE AUTHORITY

PR	\$8,000,000
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Governor: Provide \$4,000,000 annually to the Department'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.

[As initially submitted, the Governor's recommendation was for an increase of \$5.5 million in annual expenditure authority for the Department's information technology and communications services to non-state entities appropriation. The administration has subsequently indicated that the requested expenditure authority should instead be provided as: (a) \$4.0 million annually to the Department's information technology and communications services to non-state entities appropriation for self-funded portal activities; and (b) \$1.5 million annually to the Department's printing, mail, communication and information technology services to state agencies appropriation for University of Wisconsin disaster recovery services and mainframe hosting costs.]

3. SELF-FUNDED PORTAL -- EXPANSION OF INFORMATION TECHNOLOGY SERVICES TO INDIVIDUALS

Governor: Allow the Department to enter into agreements with individuals to provide those individuals with information technology services. In addition, authorize the Department 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, the Department 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.

[Bill Sections: 189 thru 191 and 421]

4. SELF-FUNDED PORTAL -- INFORMATION TECHNOLOGY SERVICES TO NON-STATE ENTITIES CONTINUING APPROPRIATION

Governor: Modify the Department'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.

[Bill Sections: 421, 424, and 427]

5. MAINFRAME HOSTING AND DISASTER RECOVERY SERVICES TO UNIVERSITY OF WISCONSIN SYSTEM

PR	\$3,000,000
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Governor: Provide \$1,500,000 annually to the Department'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.

[As initially submitted, the Governor's recommendation was for an increase of \$5.5 million in annual expenditure authority for the Department's information technology and communications services to non-state entities appropriation. As indicated previously, the administration has subsequently indicated that the authority should instead be provided as: (a) \$4.0 million annually to the Department's information technology and communications services to non-state entities appropriation; and (b) \$1.5 million annually to the Department's printing, mail, communication, and information technology services to state agencies appropriation.]

6. BROADBAND EXPANSION GRANT PROGRAM

SEG	\$4,700,000
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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 the Department 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. [See "Public Service Commission."]

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. [See "Public Service Commission."]

[Bill Sections: 192 and 431]

7. INFORMATION TECHNOLOGY POSITIONS AND EQUIPMENT TRANSFER AUTHORITY

Governor: Provide the Department 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 the Department. Allow the Department 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 the Department, 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 the Department to transfer IT equipment or systems in addition to any transferred IT infrastructure services positions, if the equipment or system is necessary for the Department to carry out IT services for the agency. Under the bill, the Department 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.

[Bill Sections: 188 and 426]

Facilities Management and Facilities Development

1. STATE FACILITIES FUNDING AND POSITIONS REALIGNMENT

Governor: 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 (4% of total project costs). 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: 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

PR	\$953,200
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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); and (b) one-time moving costs for the Division of Enterprise Technology's Print to Mail operations, the UW Tandem Press, and DOA Central Fleet services (\$583,200 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.]

4. CAPITAL PLANNING AND BUILDING CONSTRUCTION EXPENDITURE AUTHORITY -- FACILITIES DEVELOPMENT

PR	\$4,000,000
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Governor: Provide \$2,000,000 annually to the Department'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); (d) the Hill Farms State Office Building redevelopment project; and (e) the New Museum Complex for the Wisconsin Historical Society and the Department of Veterans Affairs' Wisconsin Veterans Museum.

5. CONSTRUCTION PROJECT FIELD STAFF POSITIONS -- FACILITIES DEVELOPMENT

	Funding	Positions
PR	\$1,853,600	10.00

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.

6. 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 law 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 and Family 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 while 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.

[Bill Sections: 65, 123 thru 137, 290, 515, 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]

Procurement

1. ELECTRONIC PROCUREMENT SYSTEM

PR	\$2,575,000
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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 the Department to supplement or supplant the procurement subscription service with the electronic procurement system. Authorize the Department to require that an agency use the system. Allow the Department 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.]

[Bill Sections: 74 thru 76, 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 bidders, persons making proposers, 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.

[Bill Sections: 71, 77 thru 83, 86, 88 thru 93, 96 thru 99, 102 thru 115, 118, 119, 121, and 122]

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.

[Bill Sections: 83, 99 thru 101, 104 thru 106, and 116]

4. COST-BENEFIT ANALYSIS AND CONTINUED APPROPRIATENESS REVIEW EXCEPTIONS

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.

[Bill 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.

[Bill Sections: 68, 72, 95, and 102]

6. BUSINESS OWNERSHIP DEFINITIONS AND CERTIFICATIONS

Governor: 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.

[Bill 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.

[Bill Sections: 69, 70, 73, 84, and 87]

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.

[Bill Sections: 120 and 121]

9. MAINTENANCE OF BIDDERS LIST

Governor: 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.

[Bill 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.

[Bill Section: 85]

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.

[Bill Sections: 116 and 117]

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.

[Bill Section: 94]

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.

[Bill Section: 52]

Division of Gaming

1. TRIBAL GAMING APPROPRIATIONS AND GENERAL FUND REVENUE GPR-Tribal \$52,752,100

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

	<u>2013-14</u>	<u>2014-15</u>
1 Estimated Tribal Payments	\$52,994,900	\$53,789,800
2 Unobligated Funds Reversions	<u>392,700</u>	<u>392,700</u>
3 Total Revenue	\$53,387,600	\$54,182,500
4 Program Allocations to State Agencies	\$27,362,400	\$27,336,400
5 Program Reserves	<u>39,800</u>	<u>79,400</u>
6 Total Expenditures	\$27,402,200	\$27,415,800
7 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
Governor**

<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>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 race-tracks. (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>Purpose</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	

[Bill Section: 198]

2. INDIAN GAMING OPERATIONS

PR	\$188,000
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Governor: 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: 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.

[Bill Sections: 461 and 2256]

4. CHARITABLE GAMING OPERATIONS

PR	\$10,000
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Governor: 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						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$28,831,000	\$26,767,000	\$26,336,700	-\$4,558,300	- 7.9%	211.00	211.00	211.00	0.00	0.0%
FED	21,188,800	14,605,300	14,554,200	- 13,218,100	- 31.2	88.12	85.62	85.62	- 2.50	- 2.8
PR	23,200,400	22,559,300	22,567,300	- 1,274,200	- 2.7	198.47	198.97	198.97	0.50	0.3
SEG	<u>30,553,400</u>	<u>32,555,300</u>	<u>31,880,200</u>	<u>3,328,700</u>	5.4	<u>97.30</u>	<u>135.30</u>	<u>135.30</u>	<u>38.00</u>	39.1
TOTAL	\$103,773,600	\$96,486,900	\$95,338,400	-\$15,721,900	- 7.6%	594.89	630.89	630.89	36.00	6.1%
BR		\$7,000,000								

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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 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).

	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

2. GPR BASE REDUCTIONS

GPR	-\$3,461,600
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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.

The table below shows base funding and funding under the bill for each appropriation affected by the provision. Total funding for county land and water conservation staff, including nonpoint SEG, would be \$7.9 million in 2013-14 and almost \$8.1 million in 2014-15. This funding is shown by appropriation in a separate item.

DATCP GPR Reductions -- AB 40

<u>Appropriation</u>	<u>Base</u>	<u>Bill 2013-14</u>	<u>Bill 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	0	0
Dane County exposition center aids	<u>182,700</u>	<u>182,700</u>	<u>0</u>
Totals	\$4,758,000	\$3,027,200	\$3,027,200

Under the bill, the appropriations for Johne's disease testing, ADD grants and Buy Local, Buy Wisconsin 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.

3. LABORATORY RENTAL CHARGES

GPR	\$723,600
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Governor: Provide \$358,200 in 2013-14 and \$365,400 beginning in 2014-15 for additional costs charged to DATCP for a laboratory facility currently under construction that will house 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 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.

4. DAIRY PROCESSOR GRANT PROGRAM

GPR	\$400,000
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Governor: 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 the first awards made, using 2011-12 funding, DATCP provided grants totaling \$199,100 to 41 producers for either business development and expansion or identification of opportunities to improve profitability. The maximum individual grant is \$5,000, and a 20% recipient match is required, or \$1,000 on a \$5,000 grant. Under the bill, DATCP would similarly determine the terms of the dairy processor grant program by the administrative rule process.

[Bill Sections: 203 and 1592]

5. SOIL AND WATER RESOURCE MANAGEMENT AIDS

SEG	- \$5,713,400
BR	\$7,000,000

Governor: 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 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 authority would increase to \$54,075,000 under the bill. Debt service on this bonding authority is supported by nonpoint SEG, and is addressed in a separate item.

The following table shows SWRM aids available each year under the bill relative to base amounts.

DATCP Soil and Water Resource Management Funding -- AB 40

<u>Appropriation</u>	<u>Base</u>	<u>Bill 2013-14</u>	<u>Bill 2014-15</u>
County conservation staff (GPR)	\$3,843,100	\$2,844,500	\$3,027,200
County conservation staff (SEG)	<u>5,036,900</u>	<u>5,036,900</u>	<u>5,036,900</u>
Subtotal	\$8,880,000	\$7,881,400	\$8,064,100
County/landowner cost-shares (SEG)	\$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>
Subtotal	\$8,856,700	\$6,000,000	\$6,000,000
 Total	 \$17,736,700	 \$13,881,400	 \$14,064,100

*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.

[Bill Section: 488]

6. AGRICULTURAL CHEMICAL CLEANUP REIMBURSEMENTS SEG - \$1,400,000

Governor: 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 agricultural chemical cleanup program (ACCP) 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 amount budgeted under the bill would reflect DATCP projections for program activity beginning in the 2013-15 biennium. Total ACCP SEG expenditures under the bill would be estimated at \$1.85 million annually, including an annual appropriation for \$352,500 SEG with 4.0 positions for animal health inspection, testing and enforcement.

7. GRANTS FOR GRAZING LANDS CONSERVATION INITIATIVE SEG - \$751,000

Governor: Repeal the annual agrichemical management (ACM) SEG appropriation for grants under the Grazing Lands Conservation Initiative (GLCI). State funding of \$375,500 annually would be eliminated. The GLCI supports education and technical assistance to encourage farms to implement or further develop managed grazing systems for livestock herds. GLCI grants currently are 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 for GLCI grants will be lower in future years than currently budgeted.)

[Bill Sections: 204 and 1593]

8. TRANSFER TANK AND PETROLEUM TESTING PROGRAM FROM DSPS

	Funding	Positions
SEG	\$10,116,600	38.00
FED	<u>658,200</u>	<u>2.00</u>
Total	\$10,774,800	40.00

Governor: Transfer certain statutory regulatory authorities relating to petroleum tanks and petroleum products from the Department of Safety and Professional Services (DSPS) to DATCP. Create an annual appropriation in the DATCP Division of Trade and Consumer Protection, 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 DSPS 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 would be provided for 2013-15 in the GPR or PR appropriations.

Under current law, DATCP is responsible for enforcing state laws regarding weights and measures, including the proper delivery of gasoline from retail pumps. DSPS is 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. DATCP would receive additional 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. DSPS 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. Under current law, DATCP has 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 under the bill 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 DSPS with its Regulation and Safety Section, which currently is responsible for weights and measures

inspection and certain product environmental regulations, into a Bureau of Weights and Measures. The 40.0 positions that would transfer from DSPS are tentatively planned to be created in DATCP as follows: (a) 23.0 positions for petroleum inspection, including 21.0 inspectors and 2.0 field supervisors; (b) 4.0 storage tank specialists; (c) 6.0 licensing/permitting program staff, including a licensing supervisor; (d) 2.0 laboratory positions, including one director and one chemist; and (e) 5.0 administrator or other positions, including a section chief for the storage tank regulation unit, a director for the Weights and Measures Bureau, and 3.0 other program support positions in the Weights and Measures Bureau and the Division of Trade and Consumer Protection, of which the Bureau would be a part. DATCP expects to cross-train its current 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.

[Bill Sections: 201, 202, 207, 530, 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)]

9. CLEAN SWEEP GRANT FUNDING

SEG	\$750,000
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Governor: 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 currently determines 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.

[Bill Section: 9202(1)]

10. DEBT SERVICE REESTIMATE

GPR	- \$822,100
SEG	390,200
Total	- \$431,900

Governor: 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 would be budgeted under the bill 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.

11. PROGRAM REVENUE REESTIMATES

PR	\$361,400
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Governor: 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. The bill would remove all expenditure authority associated with the AEWDC. It was created under 2007 Act 223, but 1.0 position authorized in that act for the AEWDC executive director was deleted as a long-term vacancy under 2011 Act 32. The appropriation has not received any revenues since 2009-10, and none are expected in the 2013-15 biennium.

12. FEDERAL REVENUE REESTIMATES

FED	-\$10,400,000
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Governor: 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.)

<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

13. TRANSFER FACILITY DESIGN SERVICES TO THE DEPARTMENT OF ADMINISTRATION

	Positions
FED	- 1.00

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. 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 DATCP to DOA.

[See "Administration -- General Agency Provisions" for additional information.]

[Bill Sections: 138, 432, and 9102(1)]

14. DISCOVERY FARMS FUNDING TRANSFER

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 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.

[Bill Section: 251]

15. GIS POSITION REALIGNMENT

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

Governor: 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 administration intends for the transfer to reflect the nature of the position's responsibilities, which are no longer specific to the animal health program.

16. LIVESTOCK PREMISES REGISTRATION FUNDING

Governor: 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 act's 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 requested the continuation of GPR funding, which is included in the bill.

DATCP has 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 the bill would increase the total appropriation from a base of \$250,000 to \$250,400, due to a standard budget adjustment item. DATCP expects any funding in the 2013-15 biennium would continue to fund services contracted through WLIC.

BOARD FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%			2013-14	2014-15	Number
GPR	\$25,900	\$59,100	\$59,100	\$66,400	128.2%	0.00	0.00	0.00	0.00	0.0%
FED	<u>1,275,800</u>	<u>1,345,800</u>	<u>1,345,800</u>	<u>140,000</u>	5.5	<u>6.75</u>	<u>6.75</u>	<u>6.75</u>	<u>0.00</u>	0.0
TOTAL	\$1,301,700	\$1,404,900	\$1,404,900	\$206,400	7.9%	6.75	6.75	6.75	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

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

Governor: 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).

BOARD OF COMMISSIONERS OF PUBLIC LANDS

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
FED	\$52,700	\$52,700	\$52,700	\$0	0.0%	0.00	0.00	0.00	0.00	0.0%
PR	<u>1,494,500</u>	<u>1,496,200</u>	<u>1,497,800</u>	<u>5,000</u>	0.2	<u>8.50</u>	<u>9.50</u>	<u>9.50</u>	<u>1.00</u>	11.8
TOTAL	\$1,547,200	\$1,548,900	\$1,550,500	\$5,000	0.2%	8.50	9.50	9.50	1.00	11.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$0
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Governor: Provide a decrease of \$800 PR in 2013-14 and an increase of \$800 PR in 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: 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 ON AGING AND LONG-TERM CARE

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$1,077,200	\$1,126,300	\$1,126,300	\$98,200	4.6%	14.73	15.73	15.73	1.00	6.8%
PR	<u>1,770,800</u>	<u>1,725,400</u>	<u>1,703,000</u>	<u>- 113,200</u>	<u>- 3.2</u>	<u>22.27</u>	<u>21.27</u>	<u>21.27</u>	<u>- 1.00</u>	<u>- 4.5</u>
TOTAL	\$2,848,000	\$2,851,700	\$2,829,300	-\$15,000	- 0.3%	37.00	37.00	37.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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

Governor: 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

	Funding	Positions
GPR	\$163,000	1.00
PR	<u>- 129,600</u>	<u>- 1.00</u>
Total	\$33,400	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.

3. MEDIGAP HELPLINE DATABASE

PR	\$50,200
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Governor: 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: 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).

BONDING AUTHORIZATION

1. GENERAL OBLIGATION BONDING AUTHORITY

Include a summary schedule of general obligation bonding in the bill, as indicated in the following table. In addition, include a summary schedule of estimated debt service on general obligation bonds. Debt service on GPR-supported bonds would total an estimated \$739.1 million in 2013-14 and \$729.2 million in 2014-15.

<u>Agency and Purpose</u>	<u>Amount</u>
Agriculture, Trade and Consumer Protection	
Soil and water	\$7,000,000
Environmental Improvement Fund	
Safe drinking water loan program	7,100,000
Natural Resources	
Nonpoint source	7,000,000
Urban nonpoint source cost-sharing	5,000,000
Contaminated sediment removal	5,000,000
Dam safety projects	4,000,000
Transportation	
Harbor improvements	10,700,000
Rail acquisitions and improvements	60,000,000
State highway rehabilitation projects, southeast mega projects	200,000,000
State highway rehabilitation projects, southeast mega projects, and high-cost bridge projects	<u>307,000,000</u>
TOTAL General Obligation Bonds	\$612,800,000*

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

[Bill Section: 199]

2. REVENUE OBLIGATION BONDING

Include a summary schedule of revenue obligation bonding in the bill, as indicated in the following table.

<u>Agency and Purpose</u>	<u>Amount</u>
Transportation	
Major highway projects, transportation facilities	<u>\$416,512,000</u>
GRAND TOTAL General and Revenue Obligation Bonds	\$1,029,312,000

[Bill Section: 199]

BUDGET MANAGEMENT AND COMPENSATION RESERVES

Budget Change Items

1. COMPENSATION RESERVES

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.

[Bill Section: 198]

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

Governor: 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>	<u>2013-15 Annual Lapses Under Act 32 Provisions -- No Longer Apply Under Bill</u>			<u>2013-15 Annual Lapses Under the Bill</u>
	<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

[Bill Section: 9252(1)]

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

Governor: 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.

[Bill Section: 2365]

4. REQUIRED GENERAL FUND STATUTORY RESERVE

Governor: 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.

[Bill Sections: 195 thru 197]

5. LIMIT ON INTERFUND CASHFLOW BORROWING

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

[Bill Section: 194]

BUILDING COMMISSION

Budget Summary					FTE Position Summary	
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		
		2013-14	2014-15	Amount	%	
GPR	\$39,295,400	\$39,320,500	\$54,862,500	\$15,592,200	19.8%	There are no full time positions authorized for the Building Commission.
PR	1,142,100	2,600,200	4,799,300	5,115,300	223.9	
SEG	1,024,200	1,024,200	1,024,200	0	0.0	
TOTAL	\$41,461,700	\$42,944,900	\$60,686,000	\$20,707,500	25.0%	

Budget Change Items

1. DEBT SERVICE REESTIMATE

GPR	\$15,592,200
PR	5,115,300
Total	\$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 Level Funding	Current Law Debt Service Changes	
		2013-14	2014-15
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	12,500	10,700	10,700
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	262,300	300	800
Total PR	\$1,142,100	\$1,458,100	\$3,657,200

2. GENERAL OBLIGATION BONDING REFUNDING AUTHORITY

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.

[Bill Section: 489]

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

Governor: 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.

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

4. REQUIRED INFORMATION IN ADVERTISEMENTS FOR CONSTRUCTION PROPOSALS

Governor: 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.

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

5. MODIFY DOA RETAINAGE PROVISIONS RELATING TO CONSTRUCTION PROJECTS

Governor: 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.

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

6. DOA CERTIFICATION OF QUALIFIED AND RESPONSIBLE BIDDERS

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 under relative to violation of state continual services and discriminatory contracting services, 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.

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

7. SINGLE PRIME CONTRACTING

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.

[Bill Sections: 21, 140, 146 thru 153, 155, 9101(2), 9301(1), and 9401(1)]

8. AUTHORITY TO SELL OR LEASE STATE PROPERTIES

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 current law 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.

[Bill Sections: 7 thru 20, 22 thru 27, 290, 515, 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]

CHILD ABUSE AND NEGLECT PREVENTION BOARD

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$999,600	\$996,700	\$996,700	-\$5,800	-0.3%	1.00	1.00	1.00	0.00	0.0%
FED	615,100	634,700	634,900	39,400	3.2	1.00	1.00	1.00	0.00	0.0
PR	1,360,400	1,356,000	1,356,700	-8,100	-0.3	4.00	4.00	4.00	0.00	0.0
SEG	23,100	15,000	15,000	-16,200	-35.1	0.00	0.00	0.00	0.00	0.0
TOTAL	\$2,998,200	\$3,002,400	\$3,003,300	\$9,300	0.2%	6.00	6.00	6.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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	-38,100
Total	-\$4,500

2. ADMINISTRATIVE SERVICES FEES APPROPRIATION

Governor: Provide \$15,000 annually to reflect revenue from fees charged by the Child Abuse and Neglect Prevention Board for providing state mailings, special computer 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.

PR	\$30,000
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[Bill Section: 343]

3. LICENSE PLATE REVENUE

Governor: 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.

SEG	-\$16,200
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4. TRANSFER TO DEPARTMENT OF ADMINISTRATION

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.

[Bill Sections: 41 and 42]

5. COMMUNITY-BASED FAMILY RESOURCE AND SUPPORT PROGRAM GRANTS

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.

[Bill Sections: 946 thru 948 and 9306(4)]

6. FAMILY RESOURCE CENTER GRANTS

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.

[Bill Sections: 949, 950, and 9306(5)]

7. TRANSFER OF CHILDREN'S TRUST FUND BALANCE

Governor: 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.

[Bill Sections: 344 and 9205(1)]

8. TRANSFER FUNDS BETWEEN APPROPRIATIONS

Governor: 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						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$355,411,700	\$348,181,500	\$354,992,900	-\$7,649,000	- 1.1%	217.65	218.65	218.65	1.00	0.5%
FED	631,080,100	659,518,500	657,906,600	55,264,900	4.4	368.73	368.69	365.39	- 3.34	- 0.9
PR	104,310,800	105,926,400	100,255,000	- 2,440,200	- 1.2	191.62	204.57	204.57	12.95	6.8
SEG	9,339,700	9,339,700	9,339,700	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	\$1,100,142,300	\$1,122,966,100	\$1,122,494,200	\$45,175,700	2.1%	778.00	791.91	788.61	10.61	1.4%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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

	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

-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 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: 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

FED	\$16,525,500
PR	<u>1,129,600</u>
Total	\$17,655,100

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 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.

4. OFFICE OF LEGAL COUNSEL STAFF

Governor: 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

	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

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 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

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 the Department of Children and Families (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.

	Funding	Positions
GPR	\$32,800	0.00
FED	- 981,600	- 1.04
PR	<u>124,200</u>	<u>1.04</u>
Total	-\$824,600	0.00

6. SHARING OF CONFIDENTIAL INFORMATION

Governor: 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"].

[Bill Sections: 940 and 1218]

Children and Families

1. MILWAUKEE CHILD WELFARE

GPR	-\$13,654,600
FED	3,147,900
PR	<u>4,908,000</u>
Total	-\$5,598,700

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 the Department of Health Services (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, \$2,427,700 FED, and \$534,700 PR).

2. FOSTER CARE, ADOPTION ASSISTANCE, AND SUBSIDIZED GUARDIANSHIP

GPR	\$6,016,000
FED	- 2,354,100
Total	\$3,661,900

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.

[Bill Sections: 890, 891, 897, 930 thru 932, 941 thru 944, and 9306(3)]

3. CHILDREN AND FAMILY AIDS

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

GPR	- \$1,162,600
FED	16,633,200
PR	- 15,470,600
Total	\$0

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.

4. FOSTER CARE RATES

GPR	\$738,100
FED	<u>242,300</u>
Total	\$980,400

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

[Bill Sections: 929 and 9406(3)]

5. KINSHIP CARE

FED	- \$1,586,200
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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.

[Bill Sections: 373, 922, 924, and 1036]

6. FOSTER CARE AND KINSHIP CARE EXTENSION

GPR	\$1,092,700
FED	358,800
Total	\$1,451,500

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.

[Bill Sections: 883 thru 889, 921, 923, 925, 927, 928, and 9307(2)]

7. FOSTER CARE PLACEMENT CONTINUATION AND TRANSITION TO INDEPENDENT LIVING GRANTS

Governor: 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.

[Bill Sections: 895 and 896]

8. TITLE IV-E WAIVER

Governor: 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-permanency 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-permanency 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-permanency services program statewide in order to demonstrate that post-permanency 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-permanency services. The waiver is cost-neutral in that DCF would spend funds on post-permanency services statewide in an amount equal to the savings that are achieved from reducing the out-of-home care re-entry rate.

[Bill Sections: 370, 819, 820, 916, 918 thru 920, 933, and 934]

9. CHILD PROTECTIVE SERVICES APPEALS

GPR

\$99,100

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.

[Bill Sections: 945, 9306(2), and 9406(2)]

10. TRIBAL FAMILY SERVICES PROGRAM

Governor: 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.

[Bill Sections: 369, 371, 898 thru 908, 917, and 1023]

11. TRIBAL HIGH-COST OUT-OF-HOME CARE PLACEMENTS

Governor: 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.

[Bill Sections: 372 and 892]

12. STATUTORY REFERENCES TO MILWAUKEE COUNTY

Governor: 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.

[Bill Sections: 872 thru 880, 893, 894, 909 thru 915, 933, 934, and 2319 thru 2323]

Economic Support and Child Care

1. W-2 AND TANF RELATED REVENUES AND EXPENDITURES

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 for child welfare safety services. 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 biennial budget.

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.

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.

2. WISCONSIN WORKS CASH BENEFITS

FED	- \$33,700,300
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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.

[Bill Sections: 960, 983 thru 986, and 1025]

3. TRIAL EMPLOYMENT MATCH PROGRAM JOBS

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.

[Bill Sections: 954 thru 959, 961 thru 972, 975, 976, 978, 982, 1021, 1026, 1332, 1334, 1384, 1386, 1420, 1422, 1469, 1713, 2074, 9306(1), and 9406(1)]

4. NONCUSTODIAL PARENTS

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.

[Bill Sections: 973, 981, and 1015 thru 1020]

5. JOB ACCESS LOANS

Governor: 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.

[Bill Sections: 979, 980, and 1026]

6. ELIMINATE THE SUBSIDIZED PRIVATE SECTOR EMPLOYMENT POSITION

Governor: 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.

[Bill Sections: 977, 987, and 9406(1)]

7. TRANSFORM MILWAUKEE JOBS PROGRAM

	Funding	Positions
FED	\$11,186,900	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.

[Bill Sections: 989, 1022, and 1030]

8. ELIMINATE THE REAL WORK, REAL PAY PILOT PROJECT

Governor: 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.

[Bill 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: 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.

[Bill Sections: 1024 and 9406(1)]

10. CHILD CARE SUBSIDY PROGRAM

FED	- \$34,721,500
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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 is 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.

[Bill Sections: 935, 990, 993 thru 997, 1000, 1009, 1032, and 1217]

11. CHILD CARE PROVIDER PAYMENTS

FED	\$2,300,000
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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.

[Bill 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

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

[Bill Sections: 1006 and 9406(4)]

13. CHILD CARE PROGRAM INTEGRITY

	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 is 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.

[Bill Sections: 881, 926, and 937 thru 939]

14. QUALITY CARE FOR QUALITY KIDS

FED	\$574,400
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Governor: 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.

[Bill Section: 1034]

15. ADMINISTRATION OF TANF-RELATED PROGRAMS

FED	\$516,600
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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 on 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.

[Bill Sections: 988, 1028, and 1033]

16. CARETAKER SUPPLEMENT

FED	\$4,911,600
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Governor: 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.

[Bill Section: 1035]

17. EMERGENCY ASSISTANCE

FED	\$3,000,000
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Governor: 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.

[Bill Section: 1029]

18. GRANTS TO BOYS AND GIRLS CLUBS OF AMERICA

FED	\$2,300,000
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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.

[Bill Section: 1039]

19. EARNED INCOME TAX CREDIT

FED	\$54,000,000
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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."]

[Bill Section: 1040]

20. TANF REVENUE ADJUSTMENTS

FED	- \$1,511,600
PR	911,600
Total	- \$600,000

Governor: 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.

[Bill Section: 373]

21. TANF STATUTORY ALLOCATIONS

Governor: 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.

[Bill Sections: 1026, 1027, 1031, 1037, and 1038]

Child Support

1. PROGRAM REVENUE REESTIMATE

	Funding	Positions
PR	\$4,245,400	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).

2. FEDERAL REVENUE REESTIMATES

FED	\$14,388,000
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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).

3. INTEREST ON CHILD SUPPORT ARREARS

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.

[Bill Sections: 2276 thru 2279]

4. CONVERT CONTRACTED STAFF TO PERMANENT STATE EMPLOYEES

	Funding	Positions
PR	-\$243,200	6.00

Governor: 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.

CIRCUIT COURTS

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$96,348,500	\$94,501,000	\$94,501,000	-\$3,695,000	-1.9%	527.00	527.00	527.00	0.00	0.0%
PR	<u>232,700</u>	<u>232,700</u>	<u>232,700</u>	<u>0</u>	0.0	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	0.0
TOTAL	\$96,581,200	\$94,733,700	\$94,733,700	-\$3,695,000	-1.9%	527.00	527.00	527.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$3,695,000
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Governor: 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: 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.

[Bill Sections: 2286 thru 2290, and 9307(1)]

CORRECTIONS

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$1,158,182,600	\$1,163,404,800	\$1,162,811,800	\$9,851,400	0.4%	9,655.22	9,704.12	9,721.87	66.65	0.7%
FED	2,590,400	2,589,900	2,589,900	- 1,000	0.0	0.00	0.00	0.00	0.00	0.0
PR	113,832,800	111,803,600	112,212,700	- 3,649,300	- 1.6	598.15	582.15	582.15	- 16.00	- 2.7
SEG	257,500	255,500	255,500	- 4,000	- 0.8	1.00	1.00	1.00	0.00	0.0
TOTAL	\$1,274,863,300	\$1,278,053,800	\$1,277,869,900	\$6,197,100	0.2%	10,254.37	10,287.27	10,305.02	50.65	0.5%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

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.

	Funding	Positions
GPR	-\$23,277,600	0.00
FED	- 1,000	0.00
PR	- 3,595,600	- 16.00
SEG	- 4,000	0.00
Total	-\$26,878,200	- 16.00

2. PERMANENT GPR REDUCTIONS

GPR	-\$26,369,200
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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

3. CREATE OFFICE OF THE INSPECTOR GENERAL

	<u>Funding</u>	<u>Positions</u>
GPR	\$1,404,700	11.00

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

4. INFORMATION TECHNOLOGY STAFFING AND FUNDING

	Funding	Positions
GPR	\$4,327,600	18.40

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.

5. DEBT SERVICE REESTIMATE

GPR	\$7,153,500
PR	122,100
Total	\$7,275,600

Governor: 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

GPR	- \$3,693,800
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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.

7. RENT

GPR	\$1,526,000
PR	- 693,100
Total	\$832,900

Governor: 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

Governor: 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>	2013-14		2014-15		<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

	2013-14		2014-15		<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: 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.

Purpose	2013-14				2014-15		
	2012-13 Base	Funding Adjustment	Other Agency Budget Requests	Total	Funding Adjustment	Other Agency Budget Requests	Total
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: 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.

[Bill Sections: 335 thru 338, 340, 342, 2131, 2149, 2151 thru 2153, and 2158]

Adult Corrections

1. ADULT CORRECTIONAL FACILITY POPULATIONS

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.

	February 22, 2013	<u>Average Daily Population</u>	
	<u>Actual Population</u>	<u>2013-14</u>	<u>2014-15</u>
Males			
Institutions	18,607	18,433	18,363
Centers	1,749	2,071	2,071
Wisconsin Resource Center	332	344	344
Contract Beds*	32	117	307
Females			
Women's Correctional System	1,171	1,262	1,332
Wisconsin Resource Center	<u>34</u>	<u>42</u>	<u>42</u>
Total Population	21,925	22,269	22,459

*Contract bed populations include inmates held in federal facilities and in Wisconsin county jails.

2. POPULATION AND INFLATIONARY COST INCREASES

GPR	\$63,298,700
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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.

3. MEDICAID INPATIENT HOSPITALIZATION PAYMENTS

GPR	-\$16,979,600
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Governor: 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

GPR	-\$5,904,100
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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.

5. MENTAL HEALTH TREATMENT FOR MALE INMATES

	Funding	Positions
GPR	\$768,600	5.50

Governor: 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.

Community Corrections

1. ADDITIONAL FUNDING AND POSITIONS FOR GPS TRACKING

	Funding	Positions
GPR	\$6,828,200	38.75
PR	<u>181,200</u>	<u>0.00</u>
Total	\$7,009,400	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.

2. INCREASE PURCHASE OF SERVICES FUNDING

GPR	\$674,400
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Governor: 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: 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: 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: 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.

[Bill Section: 2359]

6. CHILD PORNOGRAPHY SURCHARGE FUNDING

PR	-\$10,000
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Governor: 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."]

[Bill Sections: 339, 382, and 9208(1)]

7. TRANSFER OF THE AMERICAN INDIAN TRIBAL COMMUNITY REINTEGRATION PROGRAM FROM THE OFFICE OF JUSTICE ASSISTANCE

PR	\$100,000
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Governor: 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.

[Bill Sections: 181, 444, 460, and 9101(1)]

Juvenile Corrections

1. JUVENILE POPULATION ESTIMATES

Governor: 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>Actual Population</u>	<u>Average Daily 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

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	Governor	
	7-1-12 thru 6-30-13	7-1-13 thru 6-30-14	7-1-14 thru 6-30-15
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.

[Bill Sections: 2135 and 2136]

3. SERIOUS JUVENILE OFFENDER REESTIMATE

GPR	\$633,400
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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

Type of Care	As of January, 2013	Serious Juvenile Offenders	
		2013-14	2014-15
Juvenile Detention Facilities	64	74	78
Corrective Sanctions Program	73	55	46
Aftercare Supervision	<u>46</u>	<u>31</u>	<u>25</u>
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.

4. MODIFY JUVENILE RESIDENTIAL CARE APPROPRIATION PR \$874,900

Governor: 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.

[Bill Sections: 341, 2137, 2138, and 2336]

5. POPULATION-RELATED COST ADJUSTMENTS PR - \$9,500

Governor: 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

Governor: 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.

[Bill Section: 816]

7. **DELETE FUNDING FOR VACANT POSITIONS IN DIVISION OF JUVENILE CORRECTIONS**

PR	- \$597,000
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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.

8. **RISK MANAGEMENT PREMIUMS**

PR	\$93,000
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Governor: 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: 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.

[Bill Sections: 2139 thru 2141, and 2143 thru 2147]

10. **EXTENSION OF OUT-OF-HOME PLACEMENT FOR JUVENILES WITH INDIVIDUALIZED PLACEMENTS**

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.

[Bill Sections: 2230 thru 2235, and 9307(3)]

COURT OF APPEALS

Budget Summary						FTE Position Summary					
Fund	2012-13	<u>Governor</u>		2013-15 Change Over		2012-13	<u>Governor</u>		2014-15		
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number	%
GPR	\$10,477,000	\$10,246,400	\$10,267,800	-	\$439,800	-2.1%	75.50	75.50	75.50	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

GPR	- \$439,800
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Governor: 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						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$41,895,100	\$42,340,200	\$44,848,900	\$3,398,900	4.1%	380.90	380.90	380.90	0.00	0.0%
PR	<u>3,311,900</u>	<u>3,462,800</u>	<u>3,466,300</u>	<u>305,300</u>	4.6	<u>44.00</u>	<u>42.00</u>	<u>42.00</u>	<u>- 2.00</u>	- 4.5
TOTAL	\$45,207,000	\$45,803,000	\$48,315,200	\$3,704,200	4.1%	424.90	422.90	422.90	- 2.00	- 0.5%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$15,200
PR	<u>503,000</u>
Total	\$518,200

Governor: 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

GPR	\$4,406,500
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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.

3. GPR EXPENDITURE REDUCTIONS

GPR	- \$1,022,800
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Governor: 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: 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: 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.

EDUCATIONAL COMMUNICATIONS BOARD

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$8,039,300	\$7,933,400	\$7,915,200	-\$230,000	- 1.4%	35.14	35.14	35.14	0.00	0.0%
FED	1,171,800	1,171,800	1,171,800	0	0.0	0.00	0.00	0.00	0.00	0.0
PR	<u>9,979,100</u>	<u>10,547,000</u>	<u>10,751,800</u>	<u>1,340,600</u>	6.7	<u>21.54</u>	<u>21.54</u>	<u>21.54</u>	<u>0.00</u>	0.0
TOTAL	\$19,190,200	\$19,652,200	\$19,838,800	\$1,110,600	2.9%	56.68	56.68	56.68	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$578,600
PR	<u>140,400</u>
Total	\$719,000

Governor: 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: 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

GPR	-\$752,800
PR	<u>200</u>
Total	-\$752,600

Governor: 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: 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: 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						FTE Position Summary					
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15		
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number	%
GPR	\$433,100	\$321,100	\$250,100	-	\$295,000	- 34.1%	0.00	0.00	0.00	0.00	0.0%
SEG	<u>35,832,200</u>	<u>41,051,000</u>	<u>42,028,700</u>	<u>11,415,300</u>	15.9		<u>260.20</u>	<u>262.20</u>	<u>262.20</u>	<u>2.00</u>	0.8
TOTAL	\$36,265,300	\$41,372,100	\$42,278,800	\$11,120,300	15.3%		260.20	262.20	262.20	2.00	0.8%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$3,183,100
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Governor: 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

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.

[Bill Sections: 713, 9112(1), and 9212(1)]

3. RETIRED EMPLOYEES BENEFIT SUPPLEMENT REESTIMATE

GPR	- \$295,000
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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.

4. COUNSELING SERVICES

	Funding	Positions
SEG	\$242,200	2.00

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.

5. STATEWIDE WELLNESS INITIATIVE

SEG	\$190,000
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Governor: 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

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.

[Bill Sections: 462, 491, 705, 706, 711, 716, 719, 730, and 753]

7. TOBACCO USER SURCHARGE FOR STATE EMPLOYEE HEALTH INSURANCE

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.

[Bill Sections: 715, 731, and 9112(2)]

8. MODIFICATION OF GROUP INSURANCE BOARD AUTHORITY

Governor: 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.

[Bill Section: 714]

9. STATE EMPLOYEE HEALTH INSURANCE PREMIUMS

Governor: 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.

[Bill Sections: 726 thru 728]

10. STATE CRAFT EMPLOYEE HEALTH INSURANCE PREMIUM CONTRIBUTIONS

Governor: 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.

[Bill Sections: 699 and 729]

11. REQUIREMENTS FOR REHIRED ANNUITANTS

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.

[Bill Sections: 746 thru 749 and 9312(1)]

12. WISCONSIN RETIREMENT SYSTEM ELIGIBILITY FOR NEW HIRES

Governor: 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."

[Bill Sections: 737 and 738]

13. STATE AGENCY DATA SHARING WITH THE DEPARTMENT OF REVENUE

Governor: 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."]

[Bill Section: 733]

14. INTERNAL REVENUE CODE UPDATE OF RETIREMENT AND EMPLOYEE BENEFIT LAW

Governor: 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.

[Bill Sections: 696 thru 698, 700 thru 704, 707 thru 710, 712, 717, 718, 720 thru 725, 732, 734 thru 736, 739 thru 745, 750 thru 752, and 754 thru 758]

EMPLOYMENT RELATIONS COMMISSION

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$2,574,800	\$1,797,400	\$1,381,000	-\$1,971,200	- 38.3%	20.50	9.01	9.01	- 11.49	- 56.0%
PR	<u>623,200</u>	<u>185,100</u>	<u>103,300</u>	<u>- 958,000</u>	- 76.9	<u>5.00</u>	<u>0.00</u>	<u>0.00</u>	<u>- 5.00</u>	- 100.0
TOTAL	\$3,198,000	\$1,982,500	\$1,484,300	-\$2,929,200	- 45.8%	25.50	9.01	9.01	- 16.49	- 64.7%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$20,900
PR	<u>- 385,000</u>
Total	- \$364,100

Governor: 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

	Funding	Positions
GPR	- \$1,992,100	- 11.49
PR	<u>- 573,000</u>	<u>- 5.00</u>
Total	- \$2,565,100	- 16.49

Governor: Delete \$786,600 GPR and \$245,600 PR in 2013-14, \$1,205,500 GPR and \$327,400 PR in 2014-15, and 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.

[Bill Sections: 33 thru 35, 47, 2005, 2010, and 9313(1)]

ENVIRONMENTAL IMPROVEMENT FUND

Budget Summary					FTE Position Summary		
	2012-13	<u>Governor</u>		2013-15 Change Over		Positions for the Environmental Improvement Fund program are provided under the Departments of Administration and Natural Resources	
Fund	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%
GPR	\$40,248,500	\$37,977,200	\$39,943,200	-\$2,576,600			- 3.2%
SEG	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>0</u>			0.0
TOTAL	\$48,248,500	\$45,977,200	\$47,943,200	-\$2,576,600			- 2.7%
BR		\$7,100,000					

Budget Change Items

1. GENERAL OBLIGATION BONDING AUTHORITY

BR	\$7,100,000
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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, as shown in the table. 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.

Environmental Improvement Fund (EIF) Bonding Authority

	<u>Current</u>	<u>Bill</u>	<u>Total</u>
Clean water fund program -- general obligation	\$783,743,200	\$0	\$783,743,200
Safe drinking water loan program -- general obligation	<u>54,800,000</u>	<u>7,100,000</u>	<u>61,900,000</u>
Subtotal General Obligation Bonding	\$838,543,200	\$7,100,000	\$845,643,200
Clean water fund program -- revenue obligation	<u>2,716,300,000</u>	<u>0</u>	<u>2,716,300,000</u>
Total Bonding Authority	\$3,554,843,200	\$7,100,000	\$3,561,943,200

The clean water fund program provides low-interest loans to municipalities for planning, designing, constructing or replacing a wastewater treatment facility, or for nonpoint source pollution abatement or urban stormwater runoff control projects. The safe drinking water loan program provides financial assistance to municipalities for the planning, design, construction, or modification of public water systems.

[Bill Section: 479]

2. PRESENT VALUE SUBSIDY LIMIT

Governor: Provide a "present value subsidy limit" totaling \$106.3 million for the environmental improvement fund as shown in the table. 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.

EIF Present Value Subsidy Limit

	2011-13 <u>Authorized</u>	2013-15 <u>Bill</u>
Clean water fund program	\$69,200,000	\$76,700,000
Safe drinking water loan program	30,700,000	29,600,000
Land recycling loan program	<u>0</u>	<u>0</u>
Total	\$99,900,000	\$106,300,000

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.

[Bill Sections: 2093 thru 2096]

3. DEBT SERVICE REESTIMATE

GPR	-\$2,576,600
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Governor: 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 Fund Program</u>	<u>SEG Clean Water Fund Program</u>	<u>Safe Drinking 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						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
PR	\$17,825,800	\$17,849,700	\$17,947,900	\$146,000	0.4%	136.54	141.54	141.54	5.00	3.7%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	-\$472,200
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Governor: 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: 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

	Funding	Positions
PR-REV	\$313,200	
GPR-Earned	37,600	
PR	\$275,600	2.00

Governor: 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.

4. ADMINISTRATIVE REPORTS AND MAILINGS

PR	- \$6,600
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Governor: Eliminate the requirement under laws governing nonstock corporations that 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.

[Bill Section: 1978]

5. CORPORATION DISSOLUTION AND REVOCATION FOLLOW-UP NOTIFICATIONS

PR	- \$45,000
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Governor: 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.

[Bill Sections: 1972, 1973, 1975 thru 1977, 1980 thru 1982, and 9114(1)]

6. TRANSFER FROM DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

	Funding	Positions
PR-REV	\$749,400	
GPR-Earned	640,800	
PR	\$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. As a result, it is estimated that this provision would transfer \$331,500 of fee revenue from DSPS to DFI's general program operations appropriation. In addition, an estimated \$10,400 in initial fee application revenues would be paid to DFI, totaling increased fee revenue of \$341,900 in 2013-14. It is estimated that additional fee revenues of \$407,500 in 2014-15 would be deposited with DFI under these provisions, rather than those fees being deposited with DSPS. 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; therefore, it is estimated that, compared to current law, DFI would lapse an additional \$296,800 to the general fund in 2013-14, and \$344,000 in 2014-15, and annually thereafter. Part of DFI's increased general fund lapse in 2014-15 and annually thereafter would be offset by reduced revenue transferred to the general fund by DSPS.

[This provision is described in greater detail under "Safety and Professional Services -- Professional Regulation."]

[Bill Sections: 787, 869, 1227, 1237, 1238, 1461, 1715, 1894 thru 1896, 1936, 1974, 1989, 1990, 2161, 2179 thru 2217, 2232 thru 2253, 2267, 9138(1), and 9438(1)]

7. RENTAL-PURCHASE COMPANIES

PR-REV	\$104,000
GPR-Earned	94,000
PR	\$10,000

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 start up 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.

[Bill Sections: 2176 thru 2178, 9314(1), and 9414(1)]

FOX RIVER NAVIGATIONAL SYSTEM AUTHORITY

Budget Summary					FTE Position Summary	
	2012-13	<u>Governor</u>		2013-15 Change Over		There are no state authorized positions for the Fox River Navigational System.
Fund	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount %	
SEG	\$125,400	\$125,400	\$125,400	\$0	0.0%	

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.

Income and Franchise Taxes

1. INCOME TAX RATE REDUCTIONS

GPR-Tax	- \$343,200,000
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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.

<u>Tax Rates</u>		<u>Tax Year 2013 Tax Brackets</u>		
<u>Current Law</u>	<u>Governor's Proposal</u>	<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>
4.60%	4.50%	Less than \$10,750	Less than \$14,330	Less than \$7,160
6.15	5.94	10,750 to 21,490	14,330 to 28,650	7,160 to 14,330
6.50	6.36	21,490 to 161,180	28,650 to 214,910	14,330 to 107,450
6.75	6.75	161,180 to 236,600	214,910 to 315,460	107,450 to 157,730
7.75	7.75	236,600 and Over	315,460 and Over	157,730 and Over

<u>Tax Rates</u>		<u>Tax Year 2014 Tax Brackets (Estimated)</u>		
<u>Current Law</u>	<u>Governor's Proposal</u>	<u>Single</u>	<u>Married-Joint</u>	<u>Married-Separate</u>
4.60%	4.50%	Less than \$10,880	Less than \$14,510	Less than \$7,250
6.15	5.94	10,880 to 21,760	14,510 to 29,020	7,250 to 14,510
6.50	6.36	21,760 to 163,220	29,020 to 217,630	14,510 to 108,820
6.75	6.75	163,220 to 239,600	217,630 to 319,460	108,820 to 159,730
7.75	7.75	239,600 and Over	319,460 and Over	159,730 and Over

[Bill Sections: 1321 thru 1331, 1350 thru 1352, and 1438 thru 1440]

2. CAPITAL GAINS ON QUALIFIED WISCONSIN BUSINESSES

Governor: 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 first applies 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.

[Bill Sections: 1305 thru 1320, 1459, 2058, 2059, 2069, 9337(12), and 9450(1)]

3. HIGHER EDUCATION TUITION DEDUCTION

GPR-Tax	- \$2,200,000
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Governor: 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.

[Bill Section: 1301]

4. EXCLUSION FOR INTEREST ON CERTAIN WHEFA BONDS OR NOTES

Governor: Provide an exclusion from income under the individual income tax, the corporate income and franchise 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.

[Bill Sections: 1298, 1373, 1419, and 9337(3)]

5. DEDUCTION FOR HEALTH INSURANCE PREMIUMS

Governor: 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.

[Bill Sections: 1299, 1302 thru 1304, and 9337(11)]

6. ELIMINATE ANGEL INVESTMENT TAX CREDIT MAXIMUM LIMIT

GPR-Tax	- \$5,000,000
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Governor: Eliminate the \$47.5 million limit on the maximum amount of angel investment tax credits that the 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.

[Bill Sections: 1344 and 1457]

7. VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT

GPR-Tax	\$930,000
GPR	\$18,880,000

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.

[Bill Sections: 1348 and 9337(15)]

8. EARNED INCOME TAX CREDIT

GPR	- \$70,398,000
PR	54,000,000
Total	- \$16,398,000

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.

9. EARNED INCOME TAX CREDIT -- FRAUDULENT AND RECKLESS CLAIMS

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 (DOR) 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.

[Bill Sections: 1444 and 9337(6)]

10. ILLINOIS-WISCONSIN RECIPROCITY

GPR	\$6,703,000
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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.

11. INTERNAL REVENUE CODE UPDATE

GPR-Tax	\$33,700,000
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Governor: 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.

[Bill Sections: 1288 thru 1297, 1353 thru 1372, 1374 thru 1383, and 1399 thru 1418]

12. ELECTRONIC MEDICAL RECORDS SUNSET

GPR-Tax	\$5,000,000
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Governor: 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.

[Bill Sections: 1345, 1396, and 1432]

13. ECONOMIC DEVELOPMENT TAX CREDIT

GPR-Tax	- \$9,842,100
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Governor: Increase the limit on the total amount of economic development tax credits 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.

[Bill Sections: 1333, 1385, 1421, 1468, 2070 thru 2073, 2075, 2076, and 9350(4)]

14. JOBS TAX CREDIT MODIFICATIONS

Governor: 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.

[Bill Sections: 2060 thru 2068, and 9350(3),(4),&(5)]

15. ENTERPRISE ZONE TAX CREDITS

Governor: 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 (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.

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 businesses 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 the previous entry.)

[Bill Sections: 1339 thru 1343, 1391 thru 1395, 1427 thru 1431, 2072, 2073, 2077 thru 2086, 9337(4), and 9350(1),(2)&(4)]

16. ENTERPRISE ZONE TAX CREDIT SUM SUFFICIENT REESTIMATE

GPR	\$9,000,000
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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.

17. WOODY BIOMASS TAX CREDIT SUM SUFFICIENT REESTIMATE

GPR	-\$1,200,000
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Governor: 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.

Sales and Excise Taxes

1. SALES AND USE TAX EXEMPTION FOR LUMP SUM CONTRACTS | | | |---------|---------------| | GPR-Tax | - \$1,040,000 | |---------|---------------|

Governor: 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.

[Bill Sections: 1479, 1497, 9337(8), and 9437(10)]

2. SALES AND USE TAX EXEMPTION FOR QUALIFIED RESEARCH IN BIOTECHNOLOGY AND ADVANCED MANUFACTURING

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.

d. "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.

e. "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.

[Bill Sections: 1489 thru 1494, 1496, 9337(9), and 9437(11)]

3. SALES AND USE TAX EXEMPTION FOR VETERINARY SERVICES

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, milkhous 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.

[Bill Section: 1475]

4. PROPERTY PROVIDED WITH SERVICES

Governor: 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.

[Bill Section: 1486]

5. DEFINITION OF PURCHASE PRICE AND SALES PRICE

Governor: 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.

[Bill Sections: 1276 and 1481 thru 1484]

6. SALES AND USE TAX EXEMPTION FOR PRINTING ADVERTISING AND PROMOTIONAL DIRECT MAIL

Governor: 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 will reduce tax revenues by a minimal amount. This provision would take effect on July 1, 2013.

[Bill Sections: 1485 and 9437(12)]

7. SALES AND USE TAX FILING FREQUENCY

GPR-Tax	- \$300,000
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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.]

[Bill Sections: 1498 and 9437(2)]

8. SALES AND USE TAX TIME LIMIT FOR REFUNDS

Governor: 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.

[Bill Sections: 1500 and 9437(9)]

9. EXEMPTION CERTIFICATE REPORTING FOR SALES AND USE TAXES

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 will have a minimal effect on the general fund.

[Bill Section: 1499]

10. TECHNICAL MODIFICATIONS TO SALES AND USE TAX STATUTES

Governor: 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.

[Bill Sections: 1476 thru 1478, 1480, 1487, 1488, and 1495]

11. ROLL-YOUR-OWN CIGARETTES -- DEFINITION OF MANUFACTURER

GPR-Tax	\$2,800,000
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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 a roll-your-own 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.

[Bill Sections: 1897, 1948, 2363, and 9437(8)]

12. 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.

[Bill Section: 9137(1)]

GENERAL PROVISIONS

1. LOCAL GOVERNMENT EMPLOYEE RESIDENCY REQUIREMENTS

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.

[Bill 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.

[Bill Sections: 2272 thru 2274, and 2293]

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.

[Bill Sections: 1266 thru 1268]

4. ELIMINATE WHEDA APPROVAL OF PFA BONDING FOR HOUSING OR ECONOMIC DEVELOPMENT PROJECTS IN WISCONSIN

Governor: 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.

[Bill Section: 1269]

GOVERNMENT ACCOUNTABILITY BOARD

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$2,664,700	\$2,818,800	\$2,826,500	\$315,900	5.9%	19.30	19.30	19.30	0.00	0.0%
FED	3,371,900	3,598,100	3,264,800	119,100	1.8	31.00	31.00	26.00	- 5.00	- 16.1
PR	546,500	510,500	511,100	- 71,400	- 6.5	3.45	3.45	3.45	0.00	0.0
SEG	100	100	100	0	0.0	0.00	0.00	0.00	0.00	0.0
TOTAL	\$6,583,200	\$6,927,500	\$6,602,500	\$363,600	2.8%	53.75	53.75	48.75	- 5.00	- 9.3%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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: 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 2011 ACT 23 VOTER IDENTIFICATION PROJECT POSITIONS

Governor: Extend 5.0 two-year GPR project positions and associated funding that was originally provided on a one-time basis under 2011 Act 23 to the Board for an additional two years to implement the Act's voter identification provisions. 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. As of this writing, litigation surrounding the constitutionality of the photo identification requirements of Act 23 continues.

GOVERNOR

Budget Summary					FTE Position Summary					
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$4,435,800	\$3,741,300	\$3,741,300	-\$1,389,000	-15.7%	37.25	37.25	37.25	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$806,800
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Governor: 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: 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.

[Bill Section: 2364]

HEALTH SERVICES

Budget Summary						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$2,824,510,600	\$3,088,191,100	\$3,323,952,300	\$763,122,200	13.5%	2,460.17	2,627.27	2,643.91	183.74	7.5%
FED	4,863,191,700	4,962,325,400	5,218,610,300	454,552,300	4.7	1,137.56	1,228.93	1,244.29	106.73	9.4
PR	540,116,500	952,319,500	966,605,400	838,691,900	77.6	2,324.07	2,313.85	2,313.85	- 10.22	- 0.4
SEG	818,734,700	815,560,600	815,213,700	- 6,695,100	- 0.4	2.00	2.00	2.00	0.00	0.0
TOTAL	\$9,046,553,500	\$9,818,396,600	\$10,324,381,700	\$2,049,671,300	11.3%	5,923.80	6,172.05	6,204.05	280.25	4.7%

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 the bill 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.

Under the bill, 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 participants at UW Hospital, premiums paid by some BadgerCare Plus participants, and amounts the Department recovers through its estate recovery and other recovery efforts. Currently, most of these PR sources are treated as offsets to MA benefit expenditures, rather than budgeted as program revenue. Beginning in 2013-14, these revenues would no longer be treated as offsets, and instead 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 1

Summary of Medicaid and BadgerCare Plus Benefits Funding in AB 40

	2013-14				
	GPR	FED	PR	SEG	Total
Base Funding	\$2,015,761,200	\$4,267,830,700	\$121,635,300	\$676,423,300	\$7,081,650,500
Funding for Cost-to-Continue Increases					
Funding for Projected Changes in Caseload and Intensity	\$126,648,100	\$97,949,800	\$15,348,000	\$2,535,700	\$242,481,600
Funding for Projected Changes in Federal Matching Rate and Federal Program Payments	<u>108,469,600</u>	<u>-11,766,100</u>	<u>251,100</u>	<u>-5,088,700</u>	<u>91,865,900</u>
Subtotal	\$235,117,700	\$86,183,700	\$15,599,100	-\$2,553,000	\$334,347,500
Funding Changes to Reflect Proposed Program Changes					
BadgerCare Plus Eligibility Changes	-\$8,608,100	-\$17,526,400	-\$15,237,400	\$0	-\$41,371,900
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 Recestimates	0	0	39,000,000	0	39,000,000
MA Purchase Plan	-255,100	-382,600	175,300	0	-462,400
Divestment Requirements and Procedures	-432,500	-648,800	0	0	-1,081,300
Estate Recovery Requirements and Procedures	-1,653,100	-3,138,500	4,791,600	0	0
MA Expenditure Reporting	0	4,000	405,682,600	0	405,686,600
Medical Residency Training Grant Program	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500,000</u>
Subtotal	-\$13,763,200	-\$27,090,700	\$434,412,100	-\$628,900	\$392,929,300
Total Funding For MA Benefits	\$2,237,115,700	\$4,326,923,700	\$571,646,500	\$673,241,400	\$7,808,927,300
Change to Base					
Amount	\$221,354,500	\$59,093,000	\$450,011,200	-\$3,181,900	\$727,276,800
Percent	11.0%	1.4%	370.0%	-0.5%	10.3%
	2014-15				
	GPR	FED	PR	SEG	Total
Base Funding	\$2,015,761,200	\$4,267,830,700	\$121,635,300	\$676,423,300	\$7,081,650,500
Reestimates Relating to Projected Caseload and Intensity	\$270,132,100	\$278,366,300	\$13,666,600	\$3,943,800	\$566,108,800
Reestimates Relating to Federal Matching Rate and Federal Program Payments	<u>149,754,200</u>	<u>48,317,700</u>	<u>311,400</u>	<u>-6,287,300</u>	<u>192,096,000</u>
Subtotal	\$419,886,300	\$326,684,000	\$13,978,000	-\$2,343,500	\$758,204,800
Funding Changes to Reflect Proposed Program Changes					
BadgerCare Plus Eligibility Changes	\$5,603,900	-\$6,995,100	-\$30,474,900	\$0	-\$39,487,800
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
MA Purchase Plan	-2,229,200	-3,343,900	2,252,700	0	-3,320,400
Divestment Requirements and Procedures	-432,500	-648,800	0	0	-1,081,300
Estate Recovery Requirements and Procedures	-1,851,200	-3,514,600	5,365,800	0	0
MA Expenditure Reporting	0	4,000	426,307,400	0	426,311,400
Medical Residency Training Grant Program	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>500,000</u>
Subtotal	\$2,389,200	-\$22,576,400	\$444,451,000	-\$1,185,600	\$415,456,500
Total Funding For MA Benefits	\$2,438,036,700	\$4,571,938,300	\$580,064,300	\$672,894,200	\$8,255,311,800
Change to Base					
Amount	\$422,275,500	\$304,107,600	\$458,429,000	-\$3,529,100	\$1,173,661,300
Percent	20.9%	7.1%	376.9%	-0.5%	16.6%

Table 2 shows actual and projected average monthly enrollment in the MA and MA-related programs by major eligibility group. Individuals enrolled in Family Care and other 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, in order to avoid count duplication, classify some individuals who are both elderly and disabled as only being "Disabled" for these purposes. The projected enrollment totals reflect the administration's estimates for MA enrollment, incorporating all of the MA eligibility changes in the bill and all of the enrollment impacts the administration believes will occur beginning in January, 2014, as a result of implementation of provisions in the Patient Protection and Affordable Care Act (ACA).

TABLE 2

**Average Monthly Enrollment in MA and MA-Related Programs
Projections are Those used in AB 40 and Incorporate the Bill's Proposed MA Eligibility Changes**

	Actual				Projections		
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Elderly	38,100	37,900	37,500	36,900	36,200	35,400	34,900
% Change from Prior Year		-0.5%	-1.1%	-1.6%	-1.9%	-2.2%	-1.4%
Disabled							
MA Only	78,600	85,300	88,600	90,800	92,400	94,400	96,300
Duals	74,400	75,600	80,500	85,800	89,700	94,100	98,900
Total Disabled	153,000	160,900	169,100	176,600	182,100	188,500	195,200
% Change from Prior Year		5.2%	5.1%	4.4%	3.1%	3.5%	3.6%
BadgerCare Plus							
Children	392,600	442,300	466,900	477,300	478,200	490,600	520,100
Adults	204,600	241,000	258,600	264,000	248,900	199,500	160,300
Pregnant Women	20,600	21,000	21,400	21,000	20,500	19,900	20,000
Total BadgerCare Plus	617,800	704,300	746,900	762,300	747,600	710,000	700,400
% Change from Prior Year		14.0%	6.0%	2.1%	-1.9%	-5.0%	-1.4%
BadgerCare Plus Core Plan	12,000	56,000	45,100	28,800	20,800	48,000	98,600
% Change from Prior Year		366.7%	-19.5%	-36.1%	-27.8%	130.8%	105.4%
BadgerCare Plus Basic Plan	0	0	4,390	3,000	1,800	900	0
% Change from Prior Year				-31.7%	-40.0%	-50.0%	-100.0%
Foster Children	16,100	16,800	17,200	17,300	17,700	18,000	18,400
% Change from Prior Year		4.3%	2.4%	0.6%	2.3%	1.7%	2.2%
Well Woman MA	570	660	780	890	990	1,080	1,100
% Change from Prior Year		15.8%	18.2%	14.1%	11.2%	9.1%	1.9%
Family Planning Only Services	48,200	50,100	58,900	67,300	73,300	55,100	4,800
% Change from Prior Year		3.9%	17.6%	14.3%	8.9%	-24.8%	-91.3%
Limited Benefit Medicare Beneficiaries	14,000	15,800	18,100	19,600	20,500	22,300	24,200
% Change from Prior Year		12.9%	14.6%	8.3%	4.6%	8.8%	8.5%
Total MA Enrollment	899,770	1,042,460	1,097,970	1,112,690	1,100,990	1,079,280	1,077,600
% Change from Prior Year		15.9%	5.3%	1.3%	-1.1%	-2.0%	-0.2%

Table 3 shows actual and projected revenues to and expenditures from the segregated MA trust fund under the bill.

TABLE 3

MA Trust Fund Condition Statement

	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	\$145,275,800	\$139,830,400	\$138,697,600
Critical Access Hospital Fund	6,172,100	4,908,800	-1,229,600	1,969,600	1,798,300
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	\$79,223,200	\$78,228,400	\$77,118,900
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	\$11,440,600	\$25,611,700	\$24,419,700
HealthCheck-Eligible Services Provided by Residential Care Centers	9,500,000	7,870,900	7,000,000	7,000,000	7,000,000
Nursing Home Certified Public Expenditure Program	53,477,200	54,388,200	48,884,000	52,000,000	52,000,000
Hospital Certified Public Expenditure 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	17,000,000	17,000,000	17,000,000
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	\$379,362,400	\$393,408,500	\$389,802,900
Expenditures	\$447,615,000	\$378,785,900	\$389,408,500	\$393,408,500	\$389,802,900
Ending Balance	\$4,970,900	\$10,046,100	\$0	\$0	\$0

2. MA COST TO CONTINUE

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.

GPR	\$663,629,800
FED	412,867,700
PR	19,212,600
SEG	<u>- 4,896,500</u>
Total	\$1,090,813,600

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 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.

3. ELIGIBILITY AND OTHER CHANGES TO BADGERCARE PLUS, THE BADGERCARE PLUS CORE PLAN, AND OTHER MA-RELATED PROGRAMS

GPR	- \$3,004,200
FED	- 24,521,500
PR	- 58,935,900
Total	- \$86,461,600

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 CHIP (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 ages 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.

Bill Sections: [348, 350, 351, 355, 356, 1046 thru 1054, 1057, 1058, 1070 thru 1076, 1078 thru 1081, 1085, 1086, 1089 thru 1155, 1198, 1219, 1898, 1995, 1997, 9318(14), and 9418(7) thru 9418(9)]

4. COMPREHENSIVE COMMUNITY SERVICES

GPR	\$10,202,000
FED	<u>6,499,900</u>
Total	\$16,701,900

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.

[Bill Sections: 1055, 1056, 9318(13), and 9418(6)]

5. COVERAGE FOR IN-HOME COUNSELING SERVICES

GPR	\$524,000
FED	<u>786,000</u>
Total	\$1,310,000

Governor: 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.

Counseling services are typically provided to children in need of family therapy or children involved in the child welfare system. However, by rule, a clinic that offers outpatient mental health services (including counseling services for children and their families) may only provide these services at the clinic's offices, except in cases where therapeutic reasons are documented in the consumer's file to show that it is appropriate to use an alternative location to support the consumer's recovery. 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 these services through the existing MA outpatient mental health benefit to permit any MA recipient, including adults to receive counseling services in their own home.

6. SENIORCARE REESTIMATE

GPR	- \$19,503,700
FED	- 26,691,700
PR	<u>- 5,473,100</u>
Total	- \$51,668,500

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.

The expenditure and enrollment assumptions used by the administration to develop the funding amounts in the bill for SeniorCare benefits are shown in the tables below.

TABLE 1

SeniorCare Benefits Funding

	Base Year Funding	Governor's Recommendations			Change to Base Doubled
		2013-14	2014-15	2013-15	
GPR	\$30,880,200	\$20,683,800	\$21,572,900	\$42,256,700	-\$19,503,700
FED	31,689,100	18,041,200	18,645,300	36,686,500	-26,691,700
PR	58,077,700	54,272,000	56,410,300	110,682,300	-5,473,100
Total	\$120,647,000	\$92,997,000	\$96,628,500	\$189,625,500	-\$51,668,500

TABLE 2

**Actual and Projected Average Weekly SeniorCare Enrollment
by Participation Level**

<u>SeniorCare Participation Level</u>	<u>2011-12 Actual</u>	<u>2012-13 Projected</u>	<u>2013-14 Projected</u>	<u>2014-15 Projected</u>
Level 1 (0-160% FPL)	37,400	36,400	36,600	36,900
Level 2a (>160% to 200% FPL)	19,500	19,100	19,100	19,300
Level 2b (>200% to 240% FPL)	10,900	10,500	10,600	10,700
Level 3 (>240% FPL)	<u>19,900</u>	<u>20,700</u>	<u>20,800</u>	<u>21,000</u>
Total Enrollment	87,700	86,700	87,100	87,900
% Change from Prior Year		-1.1%	0.5%	0.9%

7. NONGOVERNMENTAL ADMINISTRATIVE PAYMENTS

Governor: 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.

[Bill Section: 352]

8. MA EXPENDITURE REPORTING

FED	\$8,000
PR	<u>831,990,000</u>
Total	\$831,998,000

Governor: 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, beginning in 2013-14, 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 GPR and FED funding provided in the bill for MA benefits grouped according to the Department's new sub-appropriations.

	2013-14		
	<u>GPR</u>	<u>FED</u>	<u>Total</u>
MA Subprogram/Eligibility Group			
Fee-for-Service MA Services for Elderly, Blind and Disabled Enrollees	\$721,574,100	\$1,833,796,700	\$2,555,370,800
Family Care and Other Long-Term Care Managed Care Payments	592,327,100	915,903,100	1,508,230,200
BadgerCare Plus (Managed Care and Fee-for-Service Payments)	599,904,900	894,094,100	1,493,999,000
MA Long-Term Care Waiver Services, including IRIS	196,636,100	289,029,100	485,665,200
MA Services Where Local Units of Government Provide			
Non-Federal Match	0	208,923,100	208,923,100
Core Plan and Childless Adults Enrolled Through Partial Expansion	83,119,200	120,763,000	203,882,200
Services for Children in Foster Care	27,722,000	40,383,100	68,105,100
Family Planning Only Services Program	2,914,900	16,518,000	19,432,900
Well Woman MA and Other Programs	5,171,400	7,513,500	12,684,900
Wisconsin Medicaid Cost Reporting (WIMCR) Payments to Counties	6,472,500	0	6,472,500
Supplemental Payments for Severely Emotionally Disturbed Children	1,273,500	0	1,273,500
Total	\$2,237,115,700	\$4,326,923,700	\$6,564,039,400
	2014-15		
	<u>GPR</u>	<u>FED</u>	<u>Total</u>
MA Subprogram/Eligibility Group			
Fee-for-Service MA Services for Elderly, Blind and Disabled Enrollees	\$811,713,200	\$1,973,247,300	\$2,784,960,500
Family Care and Other Long-Term Care Managed Care Payments	645,045,800	982,668,600	1,627,714,400
BadgerCare Plus (Managed Care and Fee-for-Service Payments)	539,285,700	806,139,900	1,345,425,600
MA Long-Term Care Waiver Services, including IRIS	219,830,300	317,285,200	537,115,500
MA Services Where Local Units of Government Provide			
Non-Federal Match	0	200,704,200	200,704,200
Core Plan and Childless Adults Enrolled Through Partial Expansion	166,494,300	240,896,800	407,391,100
Services for Children in Foster Care	29,801,600	43,102,100	72,903,700
Family Planning Only Services Program	39,000	221,000	260,000
Well Woman MA and Other Programs	5,303,300	7,673,200	12,976,500
Wisconsin Medicaid Cost Reporting (WIMCR) Payments to Counties	19,250,000	0	19,250,000
Supplemental Payments for Severely Emotionally Disturbed Children	1,273,500	0	1,273,500
Total	\$2,438,036,700	\$4,571,938,300	\$7,009,975,000

9. ESTATE RECOVERY

	Funding	Positions
GPR	-\$2,552,500	4.25
FED	- 5,701,300	4.25
PR	<u>10,157,400</u>	<u>0.00</u>
Total	\$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 recoveries, 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 MA 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 and/or MA or during the time that the client was eligible for long-term care services and/or MA.

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 provided to a recipient 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

Prohibit 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.

[Bill Sections: 353, 354, 361, 821 thru 831, 833, 834, 1179 thru 1197, 1199 thru 1210, 1221 thru 1226, 1240, 2266, 2268 thru 2271, 2275, 2294 thru 2318, 9318(3) thru (6), and 9418(2)]

10. DIVESTMENT

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 or home, 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.

[Bill Sections: 1044, 1045, 1059 thru 1069, 1088, 1991, 9318(7), and 9318(8)]

11. MA PURCHASE PLAN

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.

PR-REV	\$2,428,000
GPR	-\$1,480,500
FED	-2,797,100
PR	<u>2,428,000</u>
Total	-\$1,849,600

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.

[Bill Sections: 832, 1077, 1082 thru 1084, 1087, 1056 thru 1169, 9118, 9318(10),(11), &(12), and 9418(3),(4)&(5)]

12. AGING AND DISABILITY RESOURCE CENTERS

FED	\$6,978,200
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Governor: 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 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

SEG-REV	- \$1,814,500
GPR	\$847,300
FED	- 1,384,900
SEG	- 1,814,500
Total	- \$2,352,100

Governor: 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.

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).

[Bill Sections: 1230 and 1231]

14. ELIMINATE INDEPENDENT LIVING CENTERS TRANSFER

PR	- \$1,200,000
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Governor: 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."

Medical Assistance and FoodShare -- Administration

1. FOODSHARE WORK REQUIREMENTS AND EMPLOYMENT AND TRAINING PROGRAM

	Funding	Positions
GPR	\$16,779,900	18.64
FED	<u>18,973,800</u>	<u>17.36</u>
Total	\$35,753,700	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 (MIES) 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. Funding for these items is summarized in the following table.

Funding Summary

	2013-14			2014-15		
	GPR	FED	Total	GPR	FED	Total
FSET Services				\$12,655,400	\$15,023,800	\$27,679,200
Incentive Payments to Regional Contractors				775,000	775,000	1,550,000
Income Maintenance						
MILES -- Support for 32.0 Positions				594,400	548,600	1,143,000
Rest of State				1,674,100	1,545,400	3,219,500
Administrative Contracts						
CARES Modifications				500,000	500,000	1,000,000
Program Evaluation				225,000	225,000	450,000
Hearings and Appeals				102,600	102,600	205,200
Postage				10,200	10,200	20,400
DHS Central Office Staff	\$94,200	\$94,200	\$188,400	149,000	149,000	298,000
Total	\$94,200	\$94,200	\$188,400	\$16,685,700	\$18,879,600	\$35,565,300

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

[Bill Sections: 357, 1211 thru 1216, and 9318(9)]

2. MA ADMINISTRATION -- IMPLEMENT THE AFFORDABLE CARE ACT AND OTHER FEDERAL REQUIREMENTS

	Funding	Positions
GPR	\$35,778,100	44.50
FED	40,677,800	44.50
Total	\$76,455,900	89.00

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 \$10,135,400 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.

3. MA AND FOODSHARE ADMINISTRATION

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

	Funding	Positions
GPR	\$17,404,700	14.00
FED	<u>7,778,600</u>	<u>14.00</u>
Total	\$25,183,300	28.00

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 (MILES), 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. DHS indicates that base funding to support these costs is approximately \$238.7 million (\$79.1 million GPR and \$159.6 million FED).

4. MA ELIGIBILITY -- ELECTRONIC RESIDENCY VERIFICATION

GPR	- \$8,429,100
FED	- 12,057,000
Total	- \$20,486,100

Governor: 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.

[Bill Sections: 1220, 9318(2), and 9418(1)]

5. THIRD PARTY LIABILITY AND SUBROGATION

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.

	Funding	Positions
GPR	-\$2,181,900	7.88
FED	<u>- 2,473,700</u>	<u>10.12</u>
Total	-\$4,655,600	18.00

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).

[Bill Sections: 1170 thru 1178, and 9318(1)]

6. FUNERAL AND CEMETERY AIDS

GPR	\$2,979,600
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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 pay any funeral, burial or cemetery expenses if the total expenses for funeral services exceed \$4,500 or if the total expenses for cemetery services exceed \$3,500. Base funding for the program is \$8,594,000 annually.

7. CERTIFIED MEDICAL CODER POSITION

	Funding	Positions
GPR	-\$1,457,500	0.50
FED	<u>-2,134,000</u>	<u>0.50</u>
Total	-\$3,591,500	1.00

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).

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: 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: 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), beginning in 2013-14. The following table identifies these funding and position transfers.

Base Funding and Position Transfers for the Office of the Inspector General

<u>Division</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>Total</u>
Positious				
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.

[Bill Sections: 39 and 364 thru 368]

Other Health Programs and Departmentwide

1. SUPPLEMENTAL SECURITY INCOME

GPR	\$8,779,200
PR	4,911,600
Total	\$13,690,800

Governor: 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 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

GPR	\$5,039,300
FED	15,700
PR	<u>8,858,500</u>
Total	\$13,913,500

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.

3. WISCONSIN CHRONIC DISEASE PROGRAM

GPR	- \$854,400
PR	<u>431,200</u>
Total	- \$423,200

Governor: 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

	Funding	Positions
GPR	\$3,750,000	1.00

Governor: 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.

[Bill Sections: 358, 841 thru 863, 882, and 2326]

5. PEER-RUN RESPITE CENTERS

	Funding	Positions
GPR	\$1,347,300	1.00

Governor: 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.

[Bill Section: 836]

6. OFFICE OF CHILDREN'S MENTAL HEALTH

	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.

[Bill Sections: 40, 1232, and 2000]

7. OWI SURCHARGE FUNDING

PR	\$218,000
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Governor: 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.

Repeal provisions that authorize the Department of Transportation (DOT) to use OWI surcharge revenue transferred from DHS to support chemical testing, training and related services. Instead, these services would be supported by SEG transportation fund revenues. The bill would reduce DOT funding by \$108,900 (-\$1,358,300 PR and \$1,249,400 SEG) annually, and convert 13.0 PR positions to SEG positions, beginning in 2013-14 to reflect this change. The fiscal effect of this change for DOT is summarized under "Transportation -- State Patrol."

Individuals subject to fines or forfeitures for OWI offenses are assessed a driver improvement surcharge of \$365. Sixty percent of the total surcharge revenue is retained by the offender's county of residence to fund that county's intoxicated driver program (IDP), and 40% is credited to a DHS PR appropriation. DHS then 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.

[Bill Sections: 332 and 359]

8. HEALTH CARE DATA ORGANIZATION GRANT

GPR	\$5,000,000
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Governor: Provide \$2,500,000 annually 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.

[Bill Sections: 346, 1901, and 1902]

9. GRADUATE MEDICAL EDUCATION PROGRAM GRANTS

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 for the establishment of GME programs, and for grants to existing GME programs.

Establishment of 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.

[Bill Sections: 345, 349, 1899, and 1900]

10. AMERICAN RED CROSS TAX CHECKOFF

Governor: 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.

[Bill Sections: 347, 467, 1349, 2087, and 9337(7)]

11. STANDARD BUDGET ADJUSTMENTS

Governor: 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 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).

GPR	- \$7,841,000
FED	- 7,711,500
PR	- 10,715,000
SEG	15,900
Total	- \$26,251,600

12. FEDERAL REVENUE REESTIMATES

FED	\$46,272,300
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Governor: 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		

13. PROGRAM REVENUE REESTIMATES

PR	\$40,544,000
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Governor: 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.

<u>Appropriation, by DHS Division</u>	2012-13			2013-14			2014-15		
	<u>Base Funding</u>	<u>Funding Change</u>	<u>Other Items</u>	<u>Total</u>	<u>Funding Change</u>	<u>Other Items</u>	<u>Total</u>		
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				

14. FUNDING AND POSITION TRANSFERS

Governor: 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 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.

	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

15. APPLICANT INFORMATION AVAILABLE TO THE DEPARTMENT OF REVENUE

Governor: 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."

[Bill Section: 1218]

16. MENTAL HEALTH AND SUBSTANCE ABUSE APPROPRIATIONS

Governor: 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.

[Bill Sections: 360, 835, 837 thru 840, and 864 thru 868]

17. BIRTH-TO-3 PROGRAM REFERENCES TO FEDERAL LAW

Governor: Correct two statutory references to the sections of United States Code under which the state's Birth-to-3 program operates.

[Bill Sections: 1235 and 1236]

18. DELETE BASE FUNDING FOR REPEALED APPROPRIATION

GPR	- \$256,000
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Governor: 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

	Funding	Positions
GPR	\$12,573,700	73.00

Governor: 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: 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

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

GPR	\$6,398,000
PR	<u>-1,092,500</u>
Total	\$5,305,500

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.

4. FOOD

GPR	\$101,900
PR	- 49,400
Total	\$52,500

Governor: 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

GPR	\$2,723,900
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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.

6. ENERGY COSTS FOR CARE FACILITIES

GPR	\$3,976,000
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Governor: 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

GPR	\$2,724,000
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Governor: 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

GPR	\$1,771,000
PR	<u>1,721,900</u>
Total	\$3,492,900

Governor: 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. This funding would be provided as ongoing funding to support supplies and services costs relating to the project.

9. SHARED SERVICES

	Positions
GPR	- 0.95
PR	<u>0.95</u>
Total	0.00

Governor: 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: 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.

[Bill Section: 816]

11. CBRF INSPECTIONS

Governor: 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.

[Bill Sections: 1228 and 1229]

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$139,254,100	\$143,427,900	\$147,662,800	\$12,582,500	4.5%	11.00	11.00	11.00	0.00	0.0%
FED	1,567,700	1,567,700	1,567,700	0	0.0	0.00	0.00	0.00	0.00	0.0
PR	<u>1,234,800</u>	<u>1,234,800</u>	<u>1,234,800</u>	<u>0</u>	0.0	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	0.0
TOTAL	\$142,056,600	\$146,230,400	\$150,465,300	\$12,582,500	4.4%	11.00	11.00	11.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$117,400
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Governor: 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

GPR	\$12,180,000
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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.

3. DENTAL EDUCATION CONTRACT

GPR

\$519,900

Governor: 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).

[Bill Section: 223]

4. WHEG-UW

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.

[Bill Sections: 224 and 693 thru 695]

HISTORICAL SOCIETY

Budget Summary						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$14,132,900	\$14,829,900	\$15,016,100	\$1,580,200	5.6%	100.15	100.65	100.65	0.50	0.5%
FED	1,196,900	1,263,800	1,264,000	134,000	5.6	6.36	6.36	6.36	0.00	0.0
PR	2,662,700	3,049,200	3,053,100	776,900	14.6	13.75	15.75	15.75	2.00	14.5
SEG	<u>3,835,500</u>	<u>4,729,300</u>	<u>4,729,300</u>	<u>1,787,600</u>	23.3	<u>11.28</u>	<u>13.28</u>	<u>13.28</u>	<u>2.00</u>	17.7
TOTAL	\$21,828,000	\$23,872,200	\$24,062,500	\$4,278,700	9.8%	131.54	136.04	136.04	4.50	3.4%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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, and -\$200 SEG annually); and (g) minor transfers within the same appropriation.

GPR	-\$190,900
FED	134,000
PR	120,100
SEG	<u>-137,400</u>
Total	-\$74,200

2. PERMANENT GPR REDUCTIONS

Governor: Delete \$587,800 annually and 6.5 positions to implement the lapse provisions of 2011 Act 32 relating to reductions in base funding.

	Funding	Positions
GPR	-\$1,175,600	- 6.50

3. CIRCUS WORLD MUSEUM

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

	Funding	Positions
GPR	\$1,200,000	6.00
PR	607,200	2.00
SEG	<u>1,925,000</u>	<u>2.00</u>
Total	\$3,732,200	10.00

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.

[Bill Sections: 763 and 764]

4. LIBRARY AND ARCHIVES DIGITAL REPOSITORY

	Funding	Positions
GPR	\$415,500	1.00

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.

5. LIBRARY AND ARCHIVES RECORDS MANAGEMENT

PR	\$56,000
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Governor: 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.

6. DATA CENTER TRANSFER

GPR	\$100,000
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Governor: 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.

7. DEBT SERVICE REESTIMATE

GPR	\$1,515,300
PR	- 6,400
Total	\$1,508,900

Governor: 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.

8. FUEL AND UTILITIES REESTIMATE

GPR	- \$284,100
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Governor: 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.

9. 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.

[Bill Sections: 31, 2001, and 2004]

INSURANCE

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
FED	\$0	\$1,583,000	\$395,800	\$1,978,800	N.A.	9.30	9.30	9.30	0.00	0.0%
PR	17,027,500	16,841,300	16,857,700	- 356,000	- 1.0%	130.25	132.25	132.25	2.00	1.5
SEG	<u>87,261,500</u>	<u>89,645,300</u>	<u>90,759,500</u>	<u>5,881,800</u>	3.4	<u>12.75</u>	<u>12.75</u>	<u>12.75</u>	<u>0.00</u>	0.0
TOTAL	\$104,289,000	\$108,069,600	\$108,013,000	\$7,504,600	3.6%	152.30	154.30	154.30	2.00	1.3%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	- \$544,300
SEG	<u>- 6,500</u>
Total	- \$550,800

Governor: 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

PR	\$177,300
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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.

3. ADMINISTRATIVE STAFFING

	Funding	Positions
PR	\$43,300	2.00

Governor: 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: 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: 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 would modify 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: 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 would increase the agency's federal appropriation to reflect projected spending in the 2013-15 biennium.

INVESTMENT BOARD

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
PR	\$35,300,000	\$35,300,000	\$35,300,000	\$0	0.0%	145.10	145.10	145.10	0.00	0.0%

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. The actual 2013-14 budget is expected to be finalized by the Board in June, 2013, and the 2014-15 budget one year later.

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						FTE Position Summary						
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15			
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number	%	
GPR	\$290,900	\$289,200	\$289,700	-	\$2,900	-	0.5%	2.00	2.00	2.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$5,900
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Governor: 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: 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: Provide \$4,000 annually associated with equipment for the electronic storage and transfer of documents.

JUDICIAL COUNCIL

Budget Summary						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$69,700	\$66,500	\$66,800	-\$6,100	-4.4%	0.50	0.50	0.50	0.00	0.0%
PR	0	0	0	0	0.0	0.50	0.50	0.50	0.00	0.0
TOTAL	\$69,700	\$66,500	\$66,800	-\$6,100	-4.4%	1.00	1.00	1.00	0.00	0.0%

Budget Change Item

1. **STANDARD BUDGET ADJUSTMENTS**

GPR	-\$6,100
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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).

JUSTICE

Budget Summary						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$41,698,100	\$45,587,000	\$46,866,300	\$9,057,100	10.9%	383.08	400.58	400.58	17.50	4.6%
FED	7,881,200	24,890,800	24,838,100	33,966,500	215.5	24.95	41.33	40.33	15.38	61.6
PR	39,497,000	48,059,100	49,360,800	18,425,900	23.3	198.71	222.08	232.08	33.37	16.8
SEG	373,100	388,900	389,500	32,200	4.3	2.75	2.75	2.75	0.00	0.0
TOTAL	\$89,449,400	\$118,925,800	\$121,454,700	\$61,481,700	34.4%	609.49	666.74	675.74	66.25	10.9%

Budget Change Items

General Agency Provisions

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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, \$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).

GPR	-\$953,600
FED	- 1,500
PR	1,209,100
SEG	32,200
Total	\$286,200

2. PAY PROGRESSION -- ASSISTANT ATTORNEYS GENERAL

Governor: 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.

[Bill Section: 2015]

3. WISCONSIN STATEWIDE INFORMATION CENTER

	Funding	Positions
GPR	\$1,693,000	8.00
PR	- 908,600	- 5.00
Total	\$784,400	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.

4. SOLICITOR GENERAL

	Funding	Positions
GPR	\$960,500	4.00

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.

[Bill Sections: 1904 and 2006]

5. INTERNET CRIMES AGAINST CHILDREN TASK-FORCE

	Funding	Positions
GPR	\$912,200	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.

6. COMMUNITY POLICING GRANT PROGRAM

GPR	- \$445,400
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Governor: 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.

[Bill Sections: 381 and 1945]

7. POOLING OF CONCEALED WEAPONS LICENSURE PROGRAM AND HANDGUN PURCHASER RECORD CHECK PROGRAM REVENUE

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.

[Bill Sections: 383 thru 385, and 1971]

8. CONCEALED WEAPONS LICENSURE PROGRAM SUPPLIES AND SERVICES FUNDING

PR	\$667,900
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Governor: 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

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.

[Bill Section: 380]

10. TRAFFIC SAFETY RESOURCE PROSECUTOR

	Funding	Positions
PR	\$182,000	1.00

Governor: 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: 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: 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: 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

Governor: 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.]

[Bill Section: 1905]

15. COUNTY TRIBAL LAW ENFORCEMENT GRANT FUNDING

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.

[Bill Sections: 1940 and 1941]

16. SEPARATELY BUDGET FOR RENT COSTS

Governor: 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: 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.

[Bill Section: 389]

Transfers

1. TRANSFER THE FUNCTIONS OF THE OFFICE OF JUSTICE ASSISTANCE

Governor: 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

	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

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.

[Bill 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

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.

[Bill Sections: 1, 28, 252, 379, and 2160]

DNA Collection

1. DNA COLLECTION AT ARREST AND THE DNA ANALYSIS SURCHARGE

	Funding	Positions
PR-REV	\$5,536,200	
PR	\$6,108,500	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 act 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.

[Bill Sections: 388, 390, 818, 1234, 1906 thru 1935, 1937, 2150, 2155, 2156, 2291, 2292, 2324, 2325, 2327 thru 2329, 2343, 2344, 2353 thru 2358, 2361, 2362, 9126(1), 9326(1), and 9426(1)]

Victim and Witness Programs

1. GPS TRACKING GRANT PROGRAM FOR INDIVIDUALS SUBJECT TO DOMESTIC ABUSE OR HARASSMENT RESTRAINING ORDERS OR INJUNCTIONS

GPR	\$3,000,000
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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.]

[Bill Sections: 391, 1943, 2281 thru 2285, 9308(1), and 9426(2)]

2. CRIME VICTIM AND WITNESS PROGRAM FUNDING OVERVIEW

Governor: 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

	<u>Funding</u>	<u>Positions</u>
GPR	\$4,066,400	0.40
PR	<u>- 3,630,400</u>	<u>- 0.40</u>
Total	\$436,000	0.00

Governor: 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 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.

[Bill Sections: 394, 1942, and 2349 thru 2352]

4. COUNTY VICTIM AND WITNESS PROGRAM FUNDING

GPR	- \$2,534,400
PR	<u>5,351,400</u>
Total	\$2,817,000

Governor: 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.

[Bill Sections: 392, 395, and 396]

5. CRIME VICTIM COMPENSATION

GPR	\$2,534,400
PR	<u>- 1,787,400</u>
Total	\$747,000

Governor: 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.

[Bill Sections: 393, 395, and 2339]

6. CRIME VICTIM AND WITNESS SURCHARGE

Governor: 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.

[Bill Sections: 2348 and 2359]

7. DIRECTOR OF THE OFFICE OF CRIME VICTIM SERVICES

Governor: 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).

[Bill Sections: 492, 495, and 2007]

LEGISLATURE

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%			2013-14	2014-15	Number
GPR	\$74,096,000	\$73,065,700	\$73,113,800	-\$2,012,500	- 1.4%	758.17	758.17	758.17	0.00	0.0%
PR	<u>1,951,100</u>	<u>1,986,700</u>	<u>1,997,400</u>	<u>81,900</u>	2.1	<u>19.80</u>	<u>19.80</u>	<u>19.80</u>	<u>0.00</u>	0.0
TOTAL	\$76,047,100	\$75,052,400	\$75,111,200	-\$1,930,600	- 1.3%	777.97	777.97	777.97	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$2,128,500
PR	<u>81,900</u>
Total	-\$2,046,600

Governor: 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: 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

GPR	\$15,000
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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.

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. Thus, the Legislature is required to lapse \$9,232,200 to the general fund in 2013-15.

LIEUTENANT GOVERNOR

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	<u>Governor</u>		<u>2013-15 Change Over Base Year Doubled</u>		2012-13	<u>Governor</u>		<u>2014-15 Over 2012-13</u>	
		2013-14	2014-15	Amount	%			2013-14	2014-15	Number
GPR	\$393,500	\$316,600	\$316,600	-\$153,800	-19.5%	4.00	4.00	4.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$124,400
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Governor: 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: 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						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
SEG	\$202,600	\$208,700	\$208,800	\$12,300	3.0%	2.00	2.00	2.00	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

SEG	\$12,300
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Governor: 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					FTE Position Summary	
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over		
		2013-14	2014-15	<u>Base Year Doubled</u> Amount	%	
GPR	\$7,661,500	\$9,008,200	\$9,180,500	\$2,865,700	18.7%	
PR	<u>247,500</u>	<u>247,500</u>	<u>247,500</u>	0	0.0	
TOTAL	\$7,909,000	\$9,255,700	\$9,428,000	\$2,865,700	18.1%	

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

Budget Change Items

1. FAMILY MEDICINE RESIDENCY PROGRAMS

GPR	\$1,756,000
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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.

2. DEBT SERVICE REESTIMATE

GPR	\$1,109,700
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Governor: 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: 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.

[Bill Section: 225]

4. MEDICAL SCHOOL REPORTS

Governor: 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.

[Bill Sections: 2 thru 6]

MILITARY AFFAIRS

Budget Summary						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$24,013,000	\$24,139,300	\$24,258,800	\$372,100	0.8%	80.63	80.63	80.63	0.00	0.0%
FED	52,888,500	69,749,600	69,730,000	33,702,600	31.9	296.39	311.19	311.19	14.80	5.0
PR	6,226,500	6,985,500	6,705,000	1,237,500	9.9	39.54	37.04	37.04	-2.50	-6.3
SEG	<u>469,700</u>	<u>1,969,700</u>	<u>1,969,700</u>	<u>3,000,000</u>	319.4	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	0.0
TOTAL	\$83,597,700	\$102,844,100	\$102,663,500	\$38,312,200	22.9%	416.56	428.86	428.86	12.30	3.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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.

	Funding	Positions
GPR	-\$56,800	0.00
FED	-197,100	-1.00
PR	<u>34,200</u>	<u>0.00</u>
Total	-\$219,700	-1.00

2. TRANSFER FEDERAL HOMELAND SECURITY GRANT PROGRAMS FROM THE OFFICE OF JUSTICE ASSISTANCE

Governor: 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 the Department of Military Affairs (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.

	Funding	Positions
FED	\$33,267,200	3.00

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.

[Bill Sections: 171, 184, and 9101(1)]

3. STATE DISASTER ASSISTANCE PROGRAM

SEG	\$3,000,000
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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.

4. DEBT SERVICE

GPR	\$677,200
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Governor: 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

GPR	\$32,600
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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.

[Bill Sections: 397, 2162, 2163, and 9331(1)]

6. FUEL AND UTILITIES

GPR	- \$280,900
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Governor: 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: 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: 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 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

	Funding	Positions
FED	\$218,500	1.50
PR	<u>218,500</u>	<u>1.50</u>
Total	\$437,000	3.00

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: 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: 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: 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: 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

Governor: 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.

	Positions
FED	7.30

MISCELLANEOUS APPROPRIATIONS

Budget Summary						FTE Position Summary
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		There are no authorized positions for Miscellaneous Appropriations.
		2013-14	2014-15	Amount	%	
GPR	\$96,134,400	\$99,199,900	\$102,223,400	\$9,154,500	4.8%	
SEG	<u>28,718,000</u>	<u>29,936,900</u>	<u>30,265,100</u>	<u>2,766,000</u>	4.8	
TOTAL	\$124,852,400	\$129,136,800	\$132,488,500	\$11,920,500	4.8%	

Budget Change Items

1. INTEREST PAYMENTS TO SEGREGATED FUNDS

GPR	\$1,527,500
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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.

2. CREATE APPROPRIATION FOR INVESTMENT FUND FEES

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.

[Bill Section: 466]

3. INTEREST ON OVERPAYMENT OF TAXES

GPR	\$1,000,000
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Governor: 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.

4. REESTIMATE OF CANCELLED DRAFT PAYMENTS

GPR	\$650,000
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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.

5. 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.

6. MARQUETTE DENTAL SCHOOL DEBT SERVICE REESTIMATE

GPR	\$19,200
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Governor: 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.

7. NONPOINT ACCOUNT TRANSFER

GPR	-\$867,400
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Governor: 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) DATCP and DNR program staff. 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. Nonpoint SEG revenues from this source would be affected by a separate item in the bill. [See the item under "Natural Resources -- Environmental Quality" for additional information.]

8. TRANSFERS TO THE CONSERVATION FUND

GPR	- \$200
SEG	- 918,600
Total	- \$918,800

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:

	2013-14			2014-15		
	Base	Change	Total	Base	Change	Total
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	13,086,200	-4,700	13,081,500	13,086,200	48,200	13,134,400
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).

9. TRANSFER PETROLEUM INSPECTION FUND SUPPLEMENT FROM DNR

SEG	\$3,409,600
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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.

[Bill Sections: 284, 286, 519, and 520]

10. RAIL PROPERTY TERMINAL TAX DISTRIBUTION REESTIMATE

SEG	\$275,000
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Governor: 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.

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						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	%		2013-14	2014-15	Number	%
GPR	\$128,460,200	\$135,919,700	\$138,989,000	\$17,988,300	7.0%	291.10	285.00	285.00	- 6.10	- 2.1%
FED	79,827,100	82,197,100	80,922,800	3,465,700	2.2	493.69	503.89	491.39	- 2.30	- 0.5
PR	36,918,700	36,460,000	36,395,400	- 982,000	- 1.3	260.14	258.14	258.14	- 2.00	- 0.8
SEG	<u>316,471,000</u>	<u>316,014,900</u>	<u>317,369,400</u>	<u>442,300</u>	0.1	<u>1,614.01</u>	<u>1,635.81</u>	<u>1,635.81</u>	<u>21.80</u>	1.4
TOTAL	\$561,677,000	\$570,591,700	\$573,676,600	\$20,914,300	1.9%	2,658.94	2,682.84	2,670.34	11.40	0.4%
BR		\$21,000,000								

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

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.

	Funding	Positions
GPR	-\$1,884,300	0.00
FED	217,500	- 12.50
PR	- 904,600	- 3.00
SEG	<u>- 10,906,600</u>	<u>0.00</u>
Total	-\$13,478,000	- 15.50

2. GPR BASE REDUCTIONS

Governor: 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. TRANSFERS WITHIN APPROPRIATIONS

Governor: 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.

4. TRANSFERS BETWEEN APPROPRIATIONS

Governor: 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		4.50		

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
Total Transferred	\$4,568,200		48.95		

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.

5. FEDERAL AND PROGRAM REVENUE APPROPRIATION REESTIMATES

FED	\$29,800
PR	- 169,000
Total	- \$139,200

Governor: 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.

6. EQUIPMENT POOL APPROPRIATION CHANGES

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.

[Bill Section: 289]

7. LAND AND FORESTRY PROGRAM TITLE

Governor: Modify the title under s. 20.370(1) of the appropriation statutes to read "Land and Forestry", rather than simply "Land" as under current law. 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.

[Bill Sections: 276 and 281]

8. TRANSFER FACILITY DESIGN POSITION TO DOA

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

	Positions
SEG	- 1.00

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--General Agency Provisions" for additional information.]

[Bill Sections: 138, 432, and 9132(1)]

9. LANDS MASTER PLANNING

	Funding	Positions
SEG	\$128,100	1.00

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.

10. DEBT SERVICE REESTIMATE

GPR	\$23,248,700
SEG	- 1,534,600
Total	\$21,714,100

Governor: 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 debt 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.

11. AIDS IN LIEU OF TAXES REESTIMATE

GPR	\$1,026,700
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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.

12. 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. However, a technical correction is needed to ensure the correct amount is deducted and deposited in the forestry account.

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.

[Bill Sections: 1280 thru 1283 and 9332(1)]

13. STEWARDSHIP BONDING ALLOCATIONS

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). Bonding allocations under current law and under the bill are shown in the following table.

<u>Subprogram</u>	<u>Under Current Law</u>		<u>Under AB 40</u>	
	<u>2012-13</u>	<u>2013-14 through 2019-20</u>	<u>2013-14 and 2014-15</u>	<u>2015-16 through 2019-20</u>
Land Acquisition				
Department Acquisitions *	\$22,500,000	\$28,500,000	\$22,000,000	\$28,500,000
Grants to NCOs	12,000,000	12,000,000	9,000,000	12,000,000
BCPL Natural Areas	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>
Subtotal	\$36,500,000	\$42,500,000	\$32,000,000	\$42,500,000
Recreational Boating Aids	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	\$7,000,000
Kettle Moraine Springs Fish Hatchery			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>
Subtotal	\$21,000,000	\$15,000,000	\$25,500,000	\$15,000,000
Total	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000

*Includes grants for county forests (beginning in 2010-11) and acquisitions for state trails and the Ice Age Trail.

**Includes \$250,000 annually for grants to NCOs and friends groups.

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 bill, 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 bill 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 bill 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 bill 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).

[Bill Sections: 501 thru 514]

Fish, Wildlife, and Recreation

1. FISH HATCHERY OPERATIONS

SEG	\$220,700
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Governor: 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. GREAT LAKES VESSEL RENTAL APPROPRIATION

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.

[Bill Sections: 285 and 288]

3. CREX MEADOWS WILDLIFE EDUCATOR

PR	-\$42,800
SEG	<u>42,800</u>
Total	\$0

Governor: 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.

4. DEER MANAGEMENT INITIATIVES

	Funding	Positions
FED	\$1,942,000	1.50

Governor: 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.

[Bill Sections: 280, 551, and 9132(3)]

5. BONUS DEER HUNTING PERMITS AND CWD MANAGEMENT	SEG-REV	\$600,000
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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 later, 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.

[Bill Sections: 278, 279, 287, 552 thru 559, 564 thru 567, 572, and 9132(2)]

6. YOUNG ADULT HUNTER EDUCATION

FED	\$100,000
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Governor: 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.

7. ELK REINTRODUCTION FROM OUTSIDE WISCONSIN

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. 95.30 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.

[Bill Section: 573]

8. ELK HUNTING SEASON

Governor: 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.

[Bill Section: 560]

9. WOLF HUNTING LICENSE FEE

SEG-REV	- \$86,000
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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.

[Bill Sections: 568 thru 571]

10. WOLF HUNTING AT NIGHT

Governor: 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.

[Bill Section: 561]

11. 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.

[Bill Sections: 411 and 562]

12. CONSERVATION WARDEN COMPUTERS

SEG	\$453,200
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Governor: 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	<u>13,200</u>
Total	\$226,600

13. CONSERVATION WARDEN MILEAGE INCREASE

SEG	\$100,000
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Governor: 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	<u>2,900</u>
Total	\$50,000

14. UTILITY TERRAIN VEHICLE APPROPRIATION REESTIMATES

SEG	\$353,200
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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	<u>0</u>	<u>95,600</u>
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.

15. ATV TRAIL AIDS

SEG	- \$141,100
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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.

16. SNOWMOBILE TRAIL AIDS

SEG	- \$949,200
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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). Under the bill, local trail aids would be estimated at approximately \$7.7 million in 2013-14 and \$8.0 million in 2014-15 (including supplemental trail aids).

17. ENDANGERED RESOURCES DOT ANALYSIS

	Funding	Positions
SEG	-\$134,400	- 1.00
PR	<u>134,400</u>	<u>1.00</u>
Total	\$0	0.00

Governor: 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.

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.

Forestry and Parks

1. FORESTRY RADIO MASTER LEASE

SEG	\$427,000
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Governor: 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: 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.

[Bill Sections: 545 thru 550]

4. PARKS AND SOUTHERN FORESTS OPERATIONS

SEG	\$478,100
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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

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>Annual Amount</u>	<u>2013-15</u>
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 - Northern Unit*	Vault Toilet	2,500	5,000
	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

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>Annual Amount</u>	<u>2013-15</u>
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
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

<u>Park/Recreation Area</u>	<u>Facilities</u>	<u>Annual Amount</u>	<u>2013-15</u>
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.

5. 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. A technical correction to the state budget system would be needed so that permanent position salary is not affected, as intended).

6. 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.

7. ARMED FORCES STATE PARK AND TRAIL ADMISSIONS SEG-REV - \$210,000

Governor: 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).

[Bill Sections: 277 and 533 thru 544]

Environmental Quality

1. AIR PERMIT FEES – FEDERALLY-REGULATED SOURCES | | | |--------|-------------| | PR-REV | \$3,300,000 | |--------|-------------|

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.

[Bill Sections: 2105 thru 2120]

2. AIR PERMIT FEES – STATE-REGULATED SOURCES

PR-REV	\$1,411,000
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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.

[Bill Section: 2121]

3. SAND MINE MONITORING

Governor: 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.

	Funding	Positions
FED	- \$446,800	- 2.00
SEG	<u>446,800</u>	<u>2.00</u>
Total	\$0	0.00

Environmental Protection Agency, for which federal funding is insufficient to fund all of the authorized positions.

4. SMALL BUSINESS ENVIRONMENTAL ASSISTANCE PROGRAM

	Funding	Positions
SEG	\$235,200	2.00

Governor: 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 environmental compliance with other programs, such as wastewater, groundwater, drinking water, waste, and remediation.

5. AIR AND WASTE DIVISION INFORMATION TECHNOLOGY

SEG	\$400,000
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Governor: 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.

6. TRANSFER PETROLEUM INSPECTION FUND SUPPLEMENTS TO MISCELLANEOUS APPROPRIATIONS

SEG	- \$3,409,600
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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

[Bill Sections: 284, 286, 519, and 520]

7. TRANSFER PECFA PROGRAM FROM DSPS

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 DSPS responsibilities related to the petroleum environmental cleanup

	Funding	Positions
FED	\$1,623,200	10.70
SEG	<u>13,443,100</u>	<u>17.80</u>
Total	-\$15,066,300	28.50
PR-REV	\$150,000	

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 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 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 DSPS 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 DSPS and the transferred programs.)

The bill would make a change related to the joint responsibilities of DSPS and 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 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 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.

[Bill Sections: 210, 214, 217 thru 222, 283, 522 thru 528, 1597 thru 1599, 1634 thru 1709, 1996, 1998, 2056, 2057, 2122 thru 2125, 2127 thru 2130, 2265, 2280, and 9138(7)]

8. SUPERFUND COST REIMBURSEMENT

FED-REV	- \$13,000
PR-REV	\$32,000

Governor: 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.

[Bill Sections: 282 and 2126]

9. DRY CLEANING LICENSE FEE DEFINITION

Governor: 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.

[Bill Section: 1505]

10. BALLAST WATER FEES

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.

[Bill Sections: 2103 and 2104]

11. CONTAMINATED SEDIMENT REMOVAL BONDING

BR	\$5,000,000
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Governor: 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.

[Bill Section: 482]

12. TIPPING FEE REVENUE TRANSFER

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>Bill</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

[Bill Sections: 521 and 9332(2)]

13. NONPOINT ACCOUNT REVENUES

SEG-REV	-\$867,400
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Governor: 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 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) 37.5 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. As described in the prior item, nonpoint SEG revenues from this source would increase by an estimated \$3.9 million over the biennium.

14. TARGETED RUNOFF MANAGEMENT BONDING

BR	\$7,000,000
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Governor: 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 bill. Debt service is supported by the nonpoint account of the segregated environmental fund and is budgeted under the bill at approximately \$1.3 million in 2013-14 and \$1.5 million in 2014-15.

[Bill Section: 480]

15. URBAN NONPOINT SOURCE BONDING

BR	\$5,000,000
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Governor: 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 management of runoff, including storm water discharges. UNPS 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.

[Bill Section: 481]

16. TRANSFER COMMERCIAL CONSTRUCTION SITE EROSION CONTROL REGULATION FROM DSPTS

Governor: 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 (DSPTS) to DNR. Require DSPTS 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 DSPTS 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. (A technical correction to the bill has been identified as necessary to reflect this intention.) 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 under current law 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 DSPS 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. DSPS 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 regulatory authority for most erosion control in DNR.

[Bill Sections: 574, 575, 1245 thru 1247, 1252 thru 1257, 1259 thru 1261, 1628, 1711, 1712, 2088 thru 2092, 2097 thru 2102, and 9138(2)]

17. DAM SAFETY PROGRAM BONDING

BR	\$4,000,000
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Governor: 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.

[Bill Section: 483]

18. REMOTE WATER QUALITY SENSING

	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.

OFFICE OF STATE EMPLOYMENT RELATIONS

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
PR	\$5,643,100	\$5,972,800	\$6,031,800	\$718,400	6.4%	48.65	49.95	49.95	1.30	2.7%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

	Funding	Positions
PR	\$218,800	- 1.00

Governor: 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: 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: 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

PR	\$95,900
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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.

5. ASSISTANT DEPUTY SECRETARIES TO REPLACE CERTAIN EXECUTIVE BRANCH EXECUTIVE ASSISTANTS

Governor: 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.]

[Bill Sections: 31, 32, 497, 1588, 2004, 2254, 2255, and 2258 thru 2260]

6. FORENSIC SCIENTIST EDUCATIONAL REQUIREMENT

Governor: 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.

[Bill Section: 2016]

PROGRAM SUPPLEMENTS

Budget Summary					FTE Position Summary	
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		
		2013-14	2014-15	Amount	%	
GPR	\$19,539,900	\$4,841,000	\$4,841,000	-\$29,397,800	- 75.2%	There are no authorized positions for Program Supplements.
FED	1,000,000	0	0	- 2,000,000	- 100.0	
PR	820,500	0	0	- 1,641,000	- 100.0	
SEG	<u>4,206,700</u>	<u>0</u>	<u>0</u>	<u>- 8,413,400</u>	- 100.0	
TOTAL	\$25,567,100	\$4,841,000	\$4,841,000	-\$41,452,200	- 81.1%	

Budget Change Item

**1. JOINT COMMITTEE ON FINANCE APPROPRIATION
FOR AGENCY SUPPLEMENTS**

GPR	-\$29,397,800
FED	- 2,000,000
PR	- 1,641,000
SEG	<u>- 8,413,400</u>
Total	-\$41,452,200

Governor: 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.

PUBLIC DEFENDER

Budget Summary						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$82,116,100	\$87,190,900	\$82,023,800	\$4,982,500	3.0%	574.85	574.85	574.85	0.00	0.0%
PR	<u>1,289,500</u>	<u>1,301,200</u>	<u>1,301,300</u>	<u>23,500</u>	0.9	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>	0.0
TOTAL	\$83,405,600	\$88,492,100	\$83,325,100	\$5,006,000	3.0%	579.85	579.85	579.85	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	-\$3,227,500
PR	<u>23,500</u>
Total	-\$3,204,000

Governor: 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).

2. GPR EXPENDITURE REDUCTIONS

GPR	-\$1,640,800
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Governor: 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) \$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: 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

GPR	\$2,975,600
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Governor: 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.

[Bill Sections: 463 and 2014]

5. EXPERT WITNESS RESOURCES FOR SEXUALLY VIOLENT PERSON COMMITMENT CASES

GPR

\$675,200

Governor: 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						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$5,162,445,900	\$5,220,877,700	\$5,380,559,100	\$276,545,000	2.7%	250.24	253.24	254.43	4.19	1.7%
FED	770,455,000	773,911,000	773,622,100	6,623,100	0.4	305.19	297.39	291.39	- 13.80	- 4.5
PR	39,866,400	45,578,200	46,930,100	12,775,500	16.0	80.14	84.14	84.14	4.00	5.0
SEG	55,717,600	50,770,200	52,776,800	- 7,888,200	- 7.1	0.00	0.00	0.00	0.00	0.0
TOTAL	\$6,028,484,900	\$6,091,137,100	\$6,253,888,100	\$288,055,400	2.4%	635.57	634.77	629.96	- 5.61	- 0.9%

Budget Change Items

General School Aids and Revenue Limits

1. STATE SUPPORT FOR K-12 EDUCATION

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.

TABLE 1

State Support for K-12 Education

	2012-13	Governor's Proposal	
	Base Year	2013-14	2014-15
General School Aids	\$4,310,488,000	\$4,353,424,600	\$4,396,790,500
Categorical Aids	653,902,300	612,022,500	677,921,500
School Levy/First Dollar Credits	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>
Total	\$5,873,000,600	\$5,873,635,100	\$5,982,900,000
Change to Prior Year:			
Amount		\$634,500	\$109,264,900
Percent		0.0%	1.9%
Change to Base:			
Amount		\$634,500	\$109,899,400
Percent		0.0%	1.9%

Table 2 provides an outline of state support for K-12 education by individual fund source. Table 3 presents the Governor's funding recommendations for each general and categorical school aid program as compared to the 2012-13 base funding level. The Governor's recommendations 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	Governor's Proposal	
	Base Year	2013-14	2014-15
GPR			
General School Aids	\$4,310,488,000	\$4,353,424,600	\$4,396,790,500
Categorical Aids	603,959,200	567,079,400	630,978,400
School Levy/First Dollar Credits	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>
GPR Subtotal	\$5,823,057,500	\$5,828,692,000	\$5,935,956,900
PR			
Categorical Aids	\$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>
Total State Support - All Funds	\$5,873,000,600	\$5,873,635,100	\$5,982,900,000

TABLE 3

**General and Categorical School Aid by Funding Source
2012-13 Base Year Compared to the Governor's Budget**

Agency	Type and Purpose of Aid	2012-13 Base Year	Governor's Proposal		2013-15 Change Over 2012-13 Doubled	
			2013-14	2014-15	Amount	Percent
General Aid						
DPI	General School Aids	\$4,293,658,000	\$4,336,594,600	\$4,379,960,500	\$129,239,100	1.5%
	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	\$4,353,424,600	\$4,396,790,500	\$129,239,100	1.5%
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
	Grants to Schools that Demonstrate Improvement	0	0	30,000,000	30,000,000	N.A.
	Grants for High Performing Schools	0	0	24,000,000	24,000,000	N.A.
	Grants for Schools that Fail to Meet Expectations	0	0	10,000,000	10,000,000	N.A.
	Pupil Transportation	23,703,600	23,703,600	23,703,600	0	0.0
	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 Boards	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
	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	\$567,079,400	\$630,978,400	-\$9,860,600	-0.8%
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 Education--Forestry	\$200,000	\$200,000	\$200,000	\$0	0.0%
	Environmental Education--Environmental 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	\$612,022,500	\$677,921,500	-\$17,860,600	-1.4%
	Total School Aid--All Funds	\$4,964,390,300	\$4,965,447,100	\$5,074,712,000	\$111,378,500	1.1%

2. GENERAL SCHOOL AIDS FUNDING LEVEL

GPR	\$129,239,100
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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.

3. GENERAL AID CALCULATION FOR CONSOLIDATED SCHOOL DISTRICTS

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.

[Bill Sections: 1883, 1884, 1888, and 9334(4)]

4. PUPIL COUNT DATE

Governor: 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.

[Bill Sections: 1882, 1892, and 1893]

Categorical Aids

1. DELETE PER PUPIL ADJUSTMENT AID APPROPRIATION | | | |-----|----------------| | GPR | - \$85,000,000 | |-----|----------------|

Governor: 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.

[Bill Sections: 237 and 9434(1)]

2. SCHOOL PERFORMANCE INCENTIVE GRANTS | | | |-----|--------------| | GPR | \$64,000,000 | |-----|--------------|

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.

[Bill Sections: 240 thru 242, 1747, and 1877]

3. EDUCATOR EFFECTIVENESS EVALUATION SYSTEM

Governor: Provide \$6,864,600 GPR in 2013-14 and \$6,719,300 GPR in 2014-15 to implement an educator effectiveness evaluation

GPR	\$13,583,900
PR	8,619,000
Total	\$22,202,900

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.

[Bill Sections: 227, 231, 243, 1748, and 1749]

4. REESTIMATE SCHOOL LIBRARY AIDS

SEG	- \$8,000,000
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Governor: 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.

5. PUPIL TRANSPORTATION PAYMENT AMOUNT

Governor: 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

[Bill Section: 1891]

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: 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 \$57,855,200 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

GPR	\$21,085,000
Aid Reductions	<u>8,096,600</u>
Net GPR	\$12,988,400

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.

[Bill Sections: 1849 thru 1853, 1856, 1857, 1864 thru 1869, 1873, and 1876]

3. EXPANSION OF PARENTAL CHOICE PROGRAM FOR ELIGIBLE SCHOOL DISTRICTS

GPR	\$10,416,000
Aid Reductions	<u>3,999,800</u>
Net GPR	\$6,416,200

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.

[Bill Sections: 235, 245, 1829 thru 1848, and 1886]

4. 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.

[Bill Sections: 1847, 1848, 1862, and 1863]

5. 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.

[Bill Sections: 1840, 1843, 1855, 1859 thru 1861, and 1871]

6. SPECIAL NEEDS SCHOLARSHIP PROGRAM

GPR	\$20,849,500
Aid Reduction	<u>20,849,500</u>
Net GPR	\$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.

[Bill Sections: 238, 239, 1752 thru 1754, 1854, 1870, 1880, 1885, 1887, and 1890]

7. INDEPENDENT CHARTER SCHOOL REESTIMATE UNDER CURRENT LAW

GPR	\$17,160,000
Aid Reduction	<u>17,160,000</u>
Net GPR	\$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.

8. MILWAUKEE/RACINE CHARTER SCHOOL PER PUPIL PAYMENT AMOUNT

GPR	\$2,159,800
Aid Reduction	<u>2,159,800</u>
Net GPR	\$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.

[Bill Sections: 244, 1744, and 1782 thru 1786]

9. CHARTER SCHOOL OVERSIGHT BOARD

GPR	\$3,965,500
Aid Reduction	<u>3,965,500</u>
Net GPR	\$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 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.

[Bill Sections: 36, 45, 1723 thru 1727, 1730, 1775, 1776, 1779 thru 1781, 1787, 1793, 1798, 1809, 1810, 1994, 2017, 9134(1), and 9334(3)]

10. 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 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.

[Bill Sections: 1791, 1792, 1796, 1797, and 9334(3)]

11. CONTRACT REQUIREMENTS FOR INDEPENDENT CHARTER SCHOOLS

Governor: Require that, in addition to the contract requirements applicable for all charter schools, the contracts between the governing boards of independent 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.

[Bill Sections: 1774, 1776 thru 1778, 1788, and 9334(3)]

12. 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.

[Bill Sections: 1799 thru 1805, 9334(3), and 9434(3)]

13. CHARTER SCHOOL ADMISSIONS

Governor: Require that, with the following specified exceptions, a contract with a school

board or independent 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.

[Bill Sections: 1794 and 9334(3)]

14. CHARTER SCHOOL CONTRACTS

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.

[Bill Sections: 1772, 1789, 1790, 1795, 1807, and 9334(1)]

15. 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.

[Bill Sections: 1770, 1771, 1773, and 1806]

16. INCLUDE CHOICE AND CHARTER SCHOOLS IN STATEWIDE STUDENT INFORMATION SYSTEM

Governor: Require that 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.

[Bill Sections: 1732 thru 1734]

17. EXPAND PART-TIME OPEN ENROLLMENT PROGRAM TO COURSE OPTIONS PROGRAM

Governor: 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.

[Bill Sections: 239, 1745, and 1811 thru 1827]

18. PUPILS ENROLLED IN HOME-BASED PRIVATE EDUCATIONAL PROGRAMS

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.

[Bill Sections: 1756, 1828, 1858, 1878, 1881, 1889, and 1893]

Administrative and Other Funding

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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 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).

	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

2. PERMANENT GPR REDUCTIONS

GPR	- \$435,400
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Governor: 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

	Funding	Positions
GPR	\$13,875,900	1.00
PR	<u>4,545,700</u>	<u>3.00</u>
Total	\$18,421,600	4.00

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 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.

[Bill Sections: 226, 232, 236, and 1734]

4. SMARTER BALANCED AND ACT ASSESSMENTS

	Funding	Positions
GPR	\$11,492,500	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.

[Bill Sections: 1759 thru 1769, 1872, 1874, and 1875]

5. WISEDASH

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.

	Funding	Positions
GPR	\$6,626,200	0.00
FED	- 98,200	- 1.00
PR	<u>7,238,200</u>	<u>1.00</u>
Total	\$13,766,200	0.00

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.

[Bill Section: 228]

6. READING ASSESSMENT

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.

[Bill Section: 1755]

7. DIGITAL LEARNING PORTAL

	Funding	Positions
GPR	\$1,450,000	1.19

Governor: 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.

[Bill Sections: 229 and 1735]

8. ACADEMIC AND CAREER PLANNING

GPR	\$1,100,000
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Governor: 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.

[Bill Sections: 230 and 1737]

9. TEACH FOR AMERICA

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.

[Bill Sections: 248 and 1738]

10. MASTER EDUCATOR AND NATIONAL TEACHER CERTIFICATION REESTIMATE

GPR	\$691,900
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Governor: 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).

11. REQUIREMENTS FOR MASTER EDUCATORS

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.

[Bill Sections: 1750, 1751, and 9334(2)]

12. DEBT SERVICE REESTIMATE

GPR	\$317,700
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Governor: 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.

13. FUEL AND UTILITIES REESTIMATE

GPR	-\$38,200
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Governor: 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.

14. FEDERAL REVENUE REESTIMATES

FED	\$9,735,200
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Governor: 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).

15. PROGRAM REVENUE REESTIMATES

PR	-\$7,412,000
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Governor: 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).

16. REPEAL OBSOLETE FEDERAL APPROPRIATIONS

FED	- \$5,000,000
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Governor: 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.

[Bill Sections: 246, 247, and 9434(2)]

17. SPECIAL OLYMPICS

GPR	\$15,000
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Governor: 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.

18. BADGERLINK

SEG	\$66,000
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Governor: 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.

19. LIBRARY SERVICE CONTRACTS

SEG	\$45,400
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Governor: 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).

20. NEWSLINE FOR THE BLIND

SEG	\$400
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Governor: Provide \$400 in 2014-15 for newsline 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.

21. CHANGE TWO APPROPRIATIONS FROM ANNUAL TO CONTINUING

Governor: 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.

[Bill Sections: 233 and 234]

22. CHARTER SCHOOL TEACHING LICENSE

Governor: 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.

[Bill Section: 1731]

23. REQUIRING CLASSROOM PRESENCE OF TEACHERS

Governor: 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.

[Bill Section: 1736]

24. VIRTUAL SCHOOL TEACHER REQUIREMENTS

Governor: 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.

[Bill Sections: 1757, 1808, and 1879]

25. TEACHING EXPERIENCE

Governor: 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.

[Bill Section: 1758]

26. 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.)

[Bill Section: 1746]

27. STUDENT DATA SYSTEM COLLABORATION

Governor: 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.

[Bill Sections: 1739 thru 1743 and 9134(2)]

PUBLIC SERVICE COMMISSION

Budget Summary					FTE Position Summary					
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year	Doubled		2013-14	2014-15	Number	%
FED	\$723,300	\$434,100	\$343,900	-\$668,600	-46.2%	7.00	3.00	1.00	-6.00	-85.7%
PR	17,200,900	16,793,700	16,807,500	-800,600	-2.3	141.00	141.00	141.00	0.00	0.0
SEG	<u>6,559,100</u>	<u>6,525,600</u>	<u>6,525,600</u>	<u>-67,000</u>	<u>-0.5</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>	<u>0.0</u>
TOTAL	\$24,483,300	\$23,753,400	\$23,677,000	-\$1,536,200	-3.1%	153.00	149.00	147.00	-6.00	-3.9%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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

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." [See "Administration -- Information Technology."]

[Bill Sections: 192 and 431]

REVENUE

Budget Summary						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
GPR	\$93,215,500	\$90,693,700	\$90,040,300	-\$5,697,000	-3.1%	859.28	875.33	875.33	16.05	1.9%
PR	14,114,900	14,880,700	15,117,400	1,768,300	6.3	90.10	106.10	106.10	16.00	17.8
SEG	<u>68,693,500</u>	<u>74,446,600</u>	<u>74,546,100</u>	<u>11,605,700</u>	8.4	<u>102.70</u>	<u>108.70</u>	<u>108.70</u>	<u>6.00</u>	5.8
TOTAL	\$176,023,900	\$180,021,000	\$179,703,800	\$7,677,000	2.2%	1,052.08	1,090.13	1,090.13	38.05	3.6%

Budget Change Items

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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

Tax Administration

1. GPR REDUCTIONS

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.

	Funding	Positions
GPR	-\$8,880,400	-28.95

2. TAX FRAUD ENFORCEMENT

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

	Funding	Positions
GPR	\$7,371,400	13.00
GPR-Tax	\$28,000,000	

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.

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 (DOR) 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 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.

[Bill Sections: 733, 940, 1218, 1278, 1441 thru 1444, 1718, 1721, 2164, 2165, and 9337(5)&(6)]

3. FEDERAL AUDIT REPORTS ENFORCEMENT

	Funding	Positions
GPR	\$3,553,400	33.00
GPR-Tax	\$35,800,000	

Governor: 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

	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.

[Bill Sections: 1445 thru 1448, 1451 thru 1456, 1467, 1474, 1501, 1509, and 9437(4)&(5)]

5. REDUCED EXPENDITURES FROM EFFICIENCIES

GPR	- \$22,000
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Governor: 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"].

[Bill 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: 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: 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

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.

[Bill Sections: 1464 thru 1466, and 9337(1)]

9. VETERAN EMPLOYMENT TAX CREDIT ANNUAL REPORT

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.

[Bill Sections: 1460 and 2366]

Lottery Administration

1. LOTTERY SALES PROJECTIONS

Governor: Project lottery sales of \$526,636,400 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%

2. SUM SUFFICIENT APPROPRIATIONS FOR RETAILER COMPENSATION AND VENDOR FEES

SEG	\$10,572,200
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Governor: 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

	Funding	Positions
SEG	\$602,200	6.00

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).

4. PAYMENT OF PRIZE MONEY

Governor: 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.

[Bill Sections: 2257, 2261 thru 2264, and 9437(1)]

5. LOTTERY FUND CONDITION STATEMENT

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 \$142,900,200 in 2014-15 for the lottery and gaming tax credit.

	<u>2013-14</u>	<u>2014-15</u>
Fiscal Year Opening Balance	\$17,157,600	\$10,534,000
Operating Revenues		
Ticket Sales	\$526,636,400	\$526,636,400
Retailer Fees and Miscellaneous	<u>63,800</u>	<u>63,800</u>
Gross Revenues	\$526,700,200	\$526,700,200
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	21,684,000	21,767,600
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	\$383,489,300	\$383,828,600
Net Proceeds	\$143,210,900	\$142,871,600
Interest Earnings	\$111,200	\$124,600
Gaming-Related Revenue	\$102,300	\$102,300
Total Available for Tax Relief*	\$160,582,000	\$153,632,500
Appropriations for Tax Relief		
Lottery and Gaming Credit	\$149,849,700	\$142,900,200
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	\$150,048,000	\$143,098,500
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.

[Bill Section: 198]

SAFETY AND PROFESSIONAL SERVICES

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$2,413,200	\$2,412,300	\$2,412,300	-\$1,800	0.0%	1.00	1.00	1.00	0.00	0.0%
FED	1,930,000	787,900	788,900	-2,283,200	-59.2	18.60	5.90	5.90	-12.70	-68.3
PR	48,815,200	49,590,700	49,573,000	1,533,300	1.6	283.70	277.70	277.70	-6.00	-2.1
SEG	<u>13,467,900</u>	<u>100,000</u>	<u>100,000</u>	<u>-26,735,800</u>	<u>-99.3</u>	<u>66.30</u>	<u>0.00</u>	<u>0.00</u>	<u>-66.30</u>	<u>-100.0</u>
TOTAL	\$66,626,300	\$52,890,900	\$52,874,200	-\$27,487,500	-20.6%	369.60	284.60	284.60	-85.00	-23.0%

Budget Change Items

Departmentwide and Professional Regulation

1. STANDARD BUDGET ADJUSTMENTS

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).

	Funding	Positions
GPR	-\$1,800	0.00
FED	-37,800	0.00
PR	-3,373,300	-2.00
SEG	<u>610,400</u>	<u>0.00</u>
Total	-\$2,802,500	-2.00

2. INFORMATION TECHNOLOGY MODERNIZATION

PR	\$2,880,000
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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 (DSPA) 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.

3. TRANSFER INFORMATION TECHNOLOGY POSITIONS TO DOA

	Positions
PR	- 10.00

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.)

[Bill Section: 9138(5)]

4. PRESCRIPTION DRUG MONITORING PROGRAM

PR	\$220,000
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Governor: 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.

[Bill Sections: 205 and 2230]

5. RECLASSIFY DIVISION ADMINISTRATOR POSITION

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.

[Bill Section: 2002]

6. EDUCATIONAL APPROVAL BOARD TRANSFER

	Funding	Positions
PR	\$1,170,800	5.00

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.

[Bill Sections: 46, 48, 49, 272 thru 275, 563, 660 thru 692, 768 thru 772, 774, 1300, 1346, 1347, 1397, 1398, 1433, 1434, 1722, 1903, 1979, 2218 thru 2229, 2231, 2337, 2338, and 9143(1)]

7. TRANSFER REGULATION OF CERTAIN PROFESSIONS AND ORGANIZATIONS TO THE DEPARTMENT OF FINANCIAL INSTITUTIONS

	Funding	Positions
PR-REV	-\$707,600	
GPR-REV	- 41,800	
PR	-\$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.

It is estimated that this item would reduce DSPS revenues by \$749,400 over the biennium (-\$707,600 in fee revenue kept by DSPS, and -\$41,800 in fee revenue transferred to the general fund). There would be a corresponding \$749,400 increase in program revenues in DFI, including \$417,900 in credential fees collected directly by DFI after October 1, 2013, and \$331,500 in unexpended fee revenue transferred from DSPS. DFI would transfer \$640,800 to the general fund, based on current law that applies to that agency's revenues. (See the entry under "Financial Institutions" for the reduction in funding and positions to DFI.)

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.

- Under current law, PEOs and PEGs must renew registrations by July 31 of each year. The bill would require PEOs to renew registrations by July 1 of each year. The administration indicates this date was not intended to be changed, and should be corrected in the bill.

- 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.

[Bill Sections: 787, 869, 1227, 1237, 1238, 1461, 1715, 1894 thru 1896, 1936, 1974, 1989, 1990, 2161, 2179 thru 2217, 2232 thru 2253, 2267, 9138(1), and 9438(1)]

Buildings and Environmental Regulation

1. TRANSFER PECFA PROGRAM TO DNR

	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 -- Environmental Quality" 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 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

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.

[Bill Sections: 210, 214, 217 thru 222, 283, 522 thru 528, 1597 thru 1599, 1634 thru 1709, 1996, 1998, 2056, 2057, 2122 thru 2125, 2127 thru 2130, 2265, 2280, and 9138(7)]

2. TRANSFER PETROLEUM INSPECTION AND TANK REGULATION TO DATCP

	Funding	Positions
FED	-\$650,800	- 2.00
PR	384,400	2.00
SEG	<u>- 10,741,200</u>	<u>- 44.50</u>
Total	-\$11,007,600	- 44.50

Governor: Provide \$192,200 PR and -\$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 PR, -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. The source of the PR funding is program revenues from plan review, permit, inspection, and credentialing activities for several building code related activities. (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 DSPS (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 DSPS 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 DSPS 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 Under the Bill

<u>Appropriation</u>	<u>Funding 2013-14</u>	<u>Funding 2014-15</u>	<u>Positions 2014-15</u>
Federal Funds:			
General operations			
DSPS	-\$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			
DSPS	-\$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
Program Revenues:			
DSPS Safety and Buildings operations	\$192,200	\$192,200	2.00
Total:			
DSPS	-\$5,501,500	-\$5,506,100	-44.50
DATCP	<u>5,482,200</u>	<u>5,292,600</u>	<u>40.00</u>
Net Change	-\$19,300	-\$213,500	-4.50

As shown in the table, DSPS would be provided \$192,200 PR annually with 2.0 PR positions to the Safety and Buildings operations appropriation as a classified bureau director and unclassified division administrator, funded from program revenues from plan review, permit, inspection, and credentialing activities. 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.

Transfer any unexpended federal funds received by DSPS 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 DSPS federal administrative appropriation to the DATCP federal administrative appropriation on the effective date of the bill.

Transfer from DSPS 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 DSPS PR appropriation for auxiliary services to a new DATCP PR appropriation for testing of petroleum products, any unexpended and unencumbered fees credited to the DSPS appropriation related to fees for petroleum product testing services on the effective date of the bill. The DSPS 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 DSPS 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.

[Bill Sections: 201, 202, 206 thru 209, 211, 213, 529, 530, 786, 1462, 1463, 1589 thru 1591, 1594 thru 1627, 1629 thru 1633, 1652 thru 1657, 1709, 1949 thru 1970, 9138(3)&(4), and 9238(1)&(2)]

3. TRANSFER DIESEL TRUCK IDLING REDUCTION GRANT PROGRAM TO DOA

	Funding	Positions
SEG	-\$2,161,900	- 1.00

Governor: 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.

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

4. PETROLEUM INSPECTION FUND TRANSFER TO THE TRANSPORTATION FUND

SEG-Transfer	- \$32,000,000
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Governor: 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.

[Bill Section: 9238(3)]

5. FIRE INCIDENT REPORTING SYSTEM

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.

6. TRANSFER COMMERCIAL CONSTRUCTION SITE EROSION CONTROL TO DNR

Governor: 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.

[Bill Sections: 574, 575, 1245 thru 1247, 1252 thru 1257, 1259 thru 1261, 1628, 1711, 1712, 2088 thru 2092, 2097 thru 2102, and 9138(2)]

7. REPEAL INDIRECT COST REIMBURSEMENT APPROPRIATION

Governor: 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.

[Bill Section: 212]

8. PETROLEUM INSPECTION FEE COLLECTION POINT AT AIRPORT FUELING SYSTEMS

Governor: 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.

[Bill Sections: 1506 thru 1508, and 9437(7)]

9. FIRE-SAFE CIGARETTES PROGRAM

Governor: 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.

[Bill Sections: 1948 and 9437(8)]

SECRETARY OF STATE

Budget Summary					FTE Position Summary					
Fund	2012-13	<u>Governor</u>		<u>2013-15 Change Over</u>		2012-13	<u>Governor</u>		<u>2014-15</u>	
	Adjusted Base	2013-14	2014-15	Base Year Doubled	Amount		%	2013-14	2014-15	Number
PR	\$513,600	\$507,000	\$508,600	-\$11,600	- 1.1%	4.00	4.00	4.00	0.00	0.0%

Budget Change Item

1. STANDARD BUDGET ADJUSTMENTS

PR	- \$11,600
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Governor: 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 Adjusted Base	<u>Governor's Recommendation</u>		<u>Change Over</u> <u>Base Year Doubled</u>	
		2013-14	2014-15	Amount	Percent
Direct Aid Payments					
Expenditure Restraint	\$58,145,700	\$58,145,700	\$58,145,700	\$0	0.0%
County and Municipal Aid	693,947,900	694,825,700	695,075,700	2,005,600	0.1
Public Utility Distribution	66,473,200	67,062,000	69,075,000	3,190,600	2.4
State Aid; Tax Exempt Property	80,400,000	81,654,000	82,164,000	3,018,000	1.9
Interest Payments on Overassessments of Manufacturing Property	10,000	10,000	10,000	0	0.0
Payments for Municipal Services	18,584,200	18,584,200	18,584,200	0	0.0
Property Tax Credits					
Homestead Tax Credit	132,200,000	131,700,000	131,100,000	- 1,600,000	- 0.6
Farmland Preservation Credit	600,000	1,125,000	900,000	825,000	68.8
Farmland Preservation Credit; 2010 and Beyond	27,007,200	25,304,300	25,304,300	- 3,405,800	- 6.3
School Levy Tax Credit and First Dollar Credit	882,550,000	897,400,000	897,400,000	29,700,000	1.7
Other Credits					
Claim of Right Credit	278,000	170,000	170,000	- 216,000	- 38.8
Jobs Tax Credit	9,000,000	17,000,000	17,000,000	16,000,000	88.9
Woody Biomass Harvesting and Processing Credit	900,000	300,000	300,000	- 1,200,000	- 66.7
Meat Processing Facility Investment Credit	700,000	700,000	700,000	0	0.0
Food Processing Plant and Food Warehouse Investment Credit	700,000	700,000	700,000	0	0.0
Film Production Company Investment Credit	100,000	100,000	100,000	0	0.0
Film Production Services Credit	400,000	400,000	400,000	0	0.0
Dairy Manufacturing Facility Investment Credit	657,100	700,000	525,000	- 89,200	- 6.8
Dairy Manufacturing Facility Investment Credit; Dairy Cooperatives	700,000	700,000	700,000	0	0.0
Enterprise Zone Jobs Credit	43,300,000	44,400,000	51,200,000	9,000,000	10.4
Veterans and Surviving Spouses Property Tax Credit	20,000,000	24,040,000	34,840,000	18,880,000	47.2
Beginning Farmer and Farm Asset Owner Tax Credit	300,000	50,000	50,000	- 500,000	- 83.3
Cigarette and Tobacco Products Tax Refunds	38,300,000	35,100,000	34,400,000	- 7,100,000	- 9.3
Earned Income Tax Credit	<u>72,635,800</u>	<u>36,346,800</u>	<u>38,526,800</u>	<u>- 70,398,000</u>	<u>- 48.5</u>
GPR Total	\$2,147,889,100	\$2,136,517,700	\$2,157,370,700	- \$1,889,800	- 0.0%
Other Credits					
Earned Income Tax Credit; Temporary Assistance for Needy Families	<u>\$43,664,200</u>	<u>\$70,664,200</u>	<u>\$70,664,200</u>	<u>\$54,000,000</u>	61.8%
PR Total	\$43,664,200	\$70,664,200	\$70,664,200	\$54,000,000	61.8%
Direct Aid Payments					
County and Municipal Aid; Police and Fire Protection Fund	\$55,927,900	\$53,250,000	\$53,000,000	- \$5,605,800	- 5.0%
Property Tax Credits					
Lottery and Gaming Credit	118,870,400	149,849,700	142,900,100	55,009,000	23.1
School Levy Tax Credit; Lottery Fund	14,850,000	0	0	- 29,700,000	- 100.0
Lottery and Gaming Credit; Late Applications	<u>147,000</u>	<u>198,300</u>	<u>198,300</u>	<u>102,600</u>	34.9
SEG Total	\$189,795,300	\$203,298,000	\$196,098,400	\$19,805,800	5.2%
TOTAL	\$2,381,348,600	\$2,410,479,900	\$2,424,133,300	\$71,916,000	1.5%

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: 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

GPR	\$3,190,600
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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.

3. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- SUM SUFFICIENT REESTIMATE

GPR	\$3,018,000
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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.

4. STATE AID FOR TAX EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES -- REPORT DUE DATE

Governor: 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.

[Bill Sections: 1512, 1513, and 9337(2)]

5. EXPENDITURE RESTRAINT PROGRAM BUDGET TEST -- CONTRACTED SERVICES

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.

[Bill Sections: 1510, 1511, and 9337(13)]

6. DELETE JOINT FINANCE COMMITTEE REVIEW OF THE PAYMENTS FOR MUNICIPAL SERVICES PROGRAM

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

[Bill Sections: 1284 thru 1287]

Property Tax Credits

1. SCHOOL LEVY TAX CREDIT FUNDING SOURCE

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 and gaming 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 and gaming fund appropriation. Delete the SEG lottery and gaming 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.

[Bill Sections: 464, 465, 1458, 1514, and 9337(14)]

2. LOTTERY AND GAMING CREDIT FUNDING LEVEL

SEG	\$55,009,000
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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, 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.

3. LOTTERY AND GAMING CREDIT; LATE APPLICATIONS

SEG	\$102,600
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Governor: 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: 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

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.

[Bill Sections: 1444 and 9337(6)]

6. FARMLAND PRESERVATION PER-ACRE TAX CREDIT FUNDING

GPR	- \$3,405,800
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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.

[Bill Sections: 1435 thru 1437]

7. PRE-2010 FARMLAND PRESERVATION TAX CREDIT REESTIMATE

GPR	\$825,000
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Governor: 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.

Property Taxation

1. SUNSET COUNTY OPERATING TAX RATE LIMIT

Governor: 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.

[Bill Section: 1244]

2. COUNTY AND MUNICIPAL LEVY LIMIT CARRY FORWARD ADJUSTMENT

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.

[Bill Sections: 1271 thru 1275]

3. 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).

[Bill Sections: 1279 and 9337(10)]

Local Revenue Options

1. LOCAL EXPOSITION DISTRICT TAXES -- TREATMENT OF SINGLE-OWNER ENTITIES

Governor: 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.

[Bill Sections: 1277, 1502 thru 1504, and 9437(3)]

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						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over		2012-13	Governor		2014-15	
	Adjusted Base	2013-14	2014-15	Base Year	Doubled		2013-14	2014-15	Number	Over 2012-13
GPR	\$3,369,300	\$3,494,900	\$3,494,600	\$250,900	3.7%	0.00	0.00	0.00	0.00	0.0%
PR	<u>18,810,600</u>	<u>19,330,000</u>	<u>19,345,400</u>	<u>1,054,200</u>	2.8	<u>39.90</u>	<u>39.00</u>	<u>39.00</u>	<u>-0.90</u>	-2.3
TOTAL	\$22,179,900	\$22,824,900	\$22,840,000	\$1,305,100	2.9%	39.90	39.00	39.00	-0.90	-2.3%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$906,800
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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. [Additionally, the administration reports standard adjustments of -\$237,000 in 2013-14 and -\$236,200 in 2014-15, reflecting the full funding of lease costs and directed moves, should have been included in the State Fair Park budget but were omitted in error.]

2. STATE FAIR PARK OPERATIONS INCREASES

PR	\$1,865,400
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Governor: Provide \$931,700 in 2013-14 and \$933,700 beginning in 2014-15 for increased operations costs primarily related to the annual Wisconsin State Fair. Expenditure increases would be 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 the bill would annually provide for additional LTE staffing costs, \$202,900 each year would be 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 43.0 permanent positions in 2013-15. The administration intends for the one-time budget authority under the bill for LTE staffing 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.)

Under the bill as corrected for the standard budget adjustment item, State Fair Park operations would be budgeted at approximately \$15.0 million PR each year. Total costs, which include PR-supported debt service and a small capital reserve, would be 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

	Positions
PR	- 1.00

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: (a) \$81,900 in salaries for permanent positions; (b) \$752,200 in limited-term/miscellaneous employee salaries; and (c) \$122,600 in fringe benefits.

Currently, 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 administration intends for the provision to allow the Capitol Police to draw from a larger pool of officers in providing police and security services to state facilities. Under the bill, State Fair Park would reimburse DOA from its general operations appropriation for police and security services provided under the MOU.

[Bill Section: 761]

4. POSITIONS RECLASSIFICATIONS AND ADJUSTMENTS

	Positions
PR	0.10

Governor: 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 would convert 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

GPR	\$250,900
PR	- 1,718,000
Total	- \$1,467,100

Governor: 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 would be budgeted at \$3.5 million each year in 2013-15 under the bill.

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 would be budgeted at \$3.9 million in 2013-14 and \$4.0 million in 2014-15 under the bill. 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						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%			2013-14	2014-15	Number
PR	\$4,861,100	\$4,874,600	\$4,877,600	\$30,000	0.3%	9.95	9.95	9.95	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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).

	Funding	Positions
PR	-\$371,400	- 4.00

2. UNCLAIMED PROPERTY PROGRAM PERMANENT POSITIONS

Governor: 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.]

	Funding	Positions
PR	\$401,400	4.00

SUPREME COURT

Budget Summary						FTE Position Summary				
Fund	2012-13	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
	Adjusted Base	2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$15,275,300	\$14,775,400	\$14,802,200	-\$973,000	- 3.2%	114.50	114.50	114.50	0.00	0.0%
FED	914,600	894,600	894,600	- 40,000	- 2.2	5.00	5.00	5.00	0.00	0.0
PR	15,040,900	14,749,400	14,765,400	- 567,000	- 1.9	95.25	95.25	95.25	0.00	0.0
SEG	<u>766,700</u>	<u>735,100</u>	<u>735,800</u>	<u>- 62,500</u>	<u>- 4.1</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>0.00</u>	<u>0.0</u>
TOTAL	\$31,997,500	\$31,154,500	\$31,198,000	-\$1,642,500	- 2.6%	219.75	219.75	219.75	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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: 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.

[Bill Sections: 493 and 496]

3. COURTS LAPSE REQUIREMENT

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.

TOURISM

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$4,674,200	\$5,322,400	\$5,325,800	\$1,299,800	13.9%	30.00	30.00	30.00	0.00	0.0%
FED	755,500	758,700	758,700	6,400	0.4	1.00	1.00	1.00	0.00	0.0
PR	9,899,700	9,505,400	9,505,600	- 788,400	- 4.0	1.00	1.25	1.25	0.25	25.0
SEG	2,384,300	2,374,000	2,374,000	- 20,600	- 0.4	3.00	2.75	2.75	- 0.25	- 8.3
TOTAL	\$17,713,700	\$17,960,500	\$17,964,100	\$497,200	1.4%	35.00	35.00	35.00	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

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). [The administration reports \$55,400 GPR annually, for full funding of salaries and fringe benefits of continuing positions, was added to the Tourism budget in error.]

GPR	-\$10,200
FED	6,400
PR	- 55,800
SEG	- 13,600
Total	- \$73,200

2. TOURISM MARKETING FUNDING

Governor: 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 administration intends for the change in funding to allow additional tribal gaming PR to support initiatives under the Departments of Administration and 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.

GPR	\$1,310,000
PR	- 810,000
Total	\$500,000

Under the bill, Tourism would be appropriated \$12,545,500 for marketing each year in 2013-15 as shown in the following table. 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 would not change under the bill.

Tourism Marketing Appropriations -- AB 40

<u>Fund Source</u>	<u>Base</u>	<u>Bill 2013-14</u>	<u>Bill 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: 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, consisting of approximately 8,600 acres in Vernon County north of La Farge, 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 request 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 would be transferred between the Reserve's forestry SEG general operations appropriations to its tribal gaming PR law enforcement services appropriation under the bill. Also, \$6,000 annually for supplies and services would be provided, to include 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: 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.

TRANSPORTATION

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$162,296,000	\$177,301,000	\$250,649,600	\$103,358,600	31.8%	0.00	0.00	0.00	0.00	0.0%
FED	850,963,900	840,321,700	840,256,100	- 21,350,000	- 1.3	850.29	846.29	846.29	- 4.00	- 0.5
PR	5,358,500	3,937,000	4,407,000	- 2,373,000	- 22.1	15.00	2.00	2.00	- 13.00	- 86.7
SEG	1,641,563,400	1,697,699,400	1,585,054,700	- 372,700	- 0.0	2,478.75	2,694.75	2,694.75	216.00	8.7
SEG-L	108,559,400	107,611,800	107,636,100	- 1,870,900	- 0.9	0.00	0.00	0.00	0.00	0.0
SEG-S	<u>197,898,100</u>	<u>240,509,400</u>	<u>240,509,400</u>	<u>85,222,600</u>	21.5	<u>6.00</u>	<u>6.00</u>	<u>6.00</u>	<u>0.00</u>	0.0
TOTAL	\$2,966,639,300	\$3,067,380,300	\$3,028,512,900	\$162,614,600	2.7%	3,350.04	3,549.04	3,549.04	199.00	5.9%
BR		\$994,212,000								

Budget Change Items

Transportation Finance

1. FUND CONDITION STATEMENT

The following table shows the 2013-15 transportation fund condition statement under the provisions of the bill.

Appropriations to the Department of Transportation represent the bulk of the appropriations from the transportation fund. However, appropriations are also made for the following purposes, which are shown, in total, as "Other Agency Appropriations": (a) to the Department of Revenue for the administration of the motor fuel tax, the air carrier and railroad property taxes, and the rental vehicle fee; (b) to the conservation fund to reflect estimated motor fuel taxes paid by users of motorboats, snowmobiles, all-terrain vehicles, and utility-terrain vehicles; and (c) railroad terminal tax distributions, which are payments made to local governments where railroad terminal property is located.

	<u>2013-14</u>	<u>2014-15</u>
Unappropriated Balance, July 1	\$88,040,700	\$7,372,800
Revenues		
Motor Fuel Tax	\$1,014,324,800	\$1,024,124,800
Vehicle Registration Fees	640,564,800	637,654,400
Less Revenue Bond Debt Service	-225,732,000	-237,418,800
General Fund Transfers	58,127,000	36,302,500
Petroleum Inspection Fund Transfers	22,258,500	22,258,500
Driver's License Fees	40,557,000	40,444,500
Miscellaneous Motor Vehicle Fees	31,135,600	31,255,900
Aeronautical Fees and Taxes	7,520,300	7,684,200
Railroad Property Taxes	28,366,700	28,366,700
Investment Earnings	322,200	3,970,400
Miscellaneous Departmental Revenues	<u>21,586,700</u>	<u>22,347,800</u>
Total Annual Revenues	\$1,639,031,600	\$1,616,990,900
Total Available	\$1,727,072,300	\$1,624,363,700
Appropriations and Reserves		
DOT Appropriations	\$1,697,345,000	\$1,584,700,300
Other Agency Appropriations	24,854,000	25,195,500
Less Estimated Lapses	-7,000,000	-7,000,000
Compensation and Other Reserves	<u>4,500,500</u>	<u>8,866,000</u>
Net Appropriations and Reserves	\$1,719,699,500	\$1,611,761,800
Unappropriated Balance, June 30	\$7,372,800	\$12,601,900

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.

3. TRANSPORTATION REVENUE BOND AUTHORIZATION

BR	\$416,512,000
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Governor: 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).

[Bill Section: 1559]

4. TRANSPORTATION BOND SUMMARY

Governor: The following table summarizes the biennial bond authorization for transportation projects in the 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>
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TOTAL \$994,212,000

5. GENERAL FUND TRANSFER TO THE TRANSPORTATION FUND

GPR-Transfer	\$23,000,000
SEG-REV	\$23,000,000

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.

[Bill Section: 9245(1)]

6. PETROLEUM INSPECTION FUND TRANSFER TO THE TRANSPORTATION FUND

SEG-Transfer	\$32,000,000
SEG-REV	\$32,000,000

Governor: 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.

[Bill Section: 9238(3)]

7. USE OF REVENUES FROM OTHER FUNDS TO SUPPORT TRANSPORTATION PROGRAMS

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, which are summarized in separate items within the Transportation section, 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

8. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE SEG-REV - \$57,667,600

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.

9. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST WISCONSIN FREEWAY PROJECTS

SEG	\$6,065,300
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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.

10. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER PROJECTS

SEG	\$3,881,500
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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.

11. GENERAL FUND-SUPPORTED, GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE

GPR	- \$4,786,400
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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.

12. VEHICLE RENTAL CAR FEE -- TREATMENT OF SINGLE-OWNER ENTITIES

Governor: 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.

[Bill Sections: 1277, 1502 thru 1504, and 9437(3)]

Local Transportation Aid

1. MASS TRANSIT OPERATING ASSISTANCE -- CONVERT FUNDING TO GPR

GPR	\$106,478,300
SEG	- 106,478,300
Total	\$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.

[Bill Sections: 292 thru 301, 1569 thru 1573, 1575, 1578, 1580, and 9445(2)]

2. MASS TRANSIT OPERATING ASSISTANCE -- ALIGN FUNDING AMONG TIERS TO REFLECT CENSUS CHANGES

Governor: 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.

[Bill Sections: 1570, 1572, 1574, 1576, 1577, 1579, and 9445(2)(b)]

3. EXPAND FLOOD DAMAGE AIDS PROGRAM TO INCLUDE OTHER DISASTERS

SEG	\$800,000
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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.

[Bill Sections: 291, 1515, 1582 thru 1587, and 9345(3)]

4. GENERAL TRANSPORTATION AID FUNDING LEVEL

The current law calendar year distribution for general transportation aid payments would not be affected by the bill and would remain at \$308,904,300 annually for municipalities and \$94,615,600 annually for counties. In addition, the mileage aid rate would remain at the current law level of \$2,117 per mile. These distribution and mileage aid levels were established for 2012 and thereafter under the 2011-13 biennial budget.

5. LOCAL TRANSPORTATION AID INFORMATION SYSTEM

SEG	\$744,600
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Governor: 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

BR	\$60,000,000
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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.

[Bill Section: 487]

2. HARBOR ASSISTANCE PROGRAM BONDING

BR	\$10,700,000
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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.

[Bill Section: 486]

3. CREATE TRANSPORTATION ALTERNATIVES PROGRAM AND DELETE RELATED GRANT PROGRAMS

FED	- \$12,402,300
SEG-L	- 1,870,900
Total	- \$14,273,200

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.

[Bill Sections: 302 thru 314, and 1560 thru 1564]

4. PASSENGER RAIL SERVICE

FED	- \$8,977,400
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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.

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	278,921,600	509,316,000	402,316,000	353,788,800	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

2. SOUTHEAST WISCONSIN FREEWAY MEGAPROJECTS -- ZOO INTERCHANGE AND I-94 NORTH-SOUTH

GPR	\$1,666,700
SEG	- 34,935,600
BR	<u>307,000,000</u>
Total	\$273,731,100

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.

[Bill Sections: 333, 484, 485, 1536, and 1558]

3. HIGH-COST BRIDGE PROGRAM -- HOAN BRIDGE AND LAKE INTERCHANGE PROJECT

SEG	\$17,947,600
FED	25,000,000
BR	<u>200,000,000</u>
Total	\$242,947,600

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.

[Bill Sections: 334, 484, 1537, and 1558]

4. STATE HIGHWAY REHABILITATION FUNDING

SEG	\$105,900,800
FED	- 25,000,000
Total	\$80,900,800

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.

Fund	2012-13 Base Plus Bonding	Governor	
		2013-14	2014-15
SEG	\$373,942,600	\$439,323,600	\$414,323,600
FED	401,232,200	376,232,200	401,232,200
SEG-Supported Bonds	49,000,000	0	0
Total	\$824,174,800	\$815,555,800	\$815,555,800

5. MAJOR HIGHWAY DEVELOPMENT FUNDING

SEG	- \$46,771,400
SEG-S	85,188,800
Total	\$38,417,400

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

6. I-94 EAST-WEST FREEWAY CORRIDOR PROJECT -- DESIGN ENGINEERING FUNDING

Governor: 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.

[Bill Sections: 317, 318, 9145(3), and 9445(3)]

7. I-94 LANE CAPACITY RESTRICTION

Governor: 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.

[Bill Section: 1535]

8. TRANSPORTATION PROJECTS COMMISSION REVIEW OF ENUMERATED PROJECTS

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

[Bill Section: 9145(1)]

9. DELETE ENUMERATION OF COMPLETED MAJOR HIGHWAY DEVELOPMENT PROJECTS

Governor: 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.

[Bill Sections: 1519 thru 1534]

10. HIGHWAY PROGRAM ENGINEERING POSITIONS

	Funding	Positions
SEG	\$0	180.00

Governor: 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. HIGHWAY PROJECT DESIGN INVENTORY REQUIREMENT

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.

[Bill Section: 1517]

12. STATE HIGHWAY MAINTENANCE -- ROUTINE MAINTENANCE FUNDING AND PROGRAM RESTRUCTURING

SEG	\$55,000,000
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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.

[Bill Sections: 325 thru 330]

13. TRAFFIC SIGNAL AND INTELLIGENT TRANSPORTATION SYSTEM INSTALLATION, REPLACEMENT, AND REHABILITATION

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.

[Bill Sections: 315, 316, 319, 320, 323, 325, 327, 329, 1539, 1542, and 1543]

14. STATE HIGHWAY MAINTENANCE -- DEFINITION OF HIGHWAY IMPROVEMENT AND ROUTINE MAINTENANCE

Governor: 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).

[Bill Sections: 319, 321, 322, 325, 327, 329, 1539 thru 1541, 1543, and 1545]

15. STATE HIGHWAY MAINTENANCE -- ALTERNATIVE PAYMENT ARRANGEMENTS UNDER COUNTY AND MUNICIPAL CONTRACTS

Governor: 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.

[Bill Sections: 1545 and 1546]

16. SPONSORSHIP AND PARTNERSHIP AGREEMENTS

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.

[Bill Sections: 324, 518, 1518, 1543, 1544, 1555, and 1556]

17. SURVEYING REFERENCE STATION SYSTEM PROGRAM REVENUE APPROPRIATION

PR	\$470,000
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Governor: 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.

[Bill Sections: 331, 517, and 1581]

18. STATE HIGHWAY MAP PRINTING

Governor: 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.

[Bill Section: 1538]

Motor Vehicles

1. REPLACEMENT OF DIVISION OF MOTOR VEHICLES DOCUMENT PROCESSING AND ISSUANCE EQUIPMENT

SEG	\$560,000
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Governor: 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

Governor: 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."

[Bill Sections: 2164 and 2165]

State Patrol

1. STATE PATROL RECRUIT CLASS

SEG	\$2,738,000
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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.

2. COMMERCIAL MOTOR CARRIER INSPECTOR POSITIONS

	Funding	Positions
SEG	\$3,832,500	24.00
FED	<u>0</u>	<u>4.00</u>
Total	\$3,832,500	28.00

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 Inspectors</u>	<u>Consumer Protection 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.

3. INTRASTATE MOTOR CARRIER REGULATION

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.

[Bill Sections: 1983 thru 1988, 9345(1), and 9445(1)]

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:	
	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

Overweight Range, In Pounds	Base Forfeiture of \$100 to \$300 Plus:	
	Current Law	Proposed
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
Plus Cents Per Pound Overweight; <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.

[Bill Sections: 2166 thru 2175, and 9345(2)]

5. CHEMICAL TEST SECTION -- FUNDING SOURCE

	Funding	Positions
PR	-\$2,716,600	- 13.00
SEG	<u>2,498,800</u>	<u>13.00</u>
Total	-\$217,800	0.00

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.

[Bill Sections: 332 and 359]

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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: 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: 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: 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

	Positions
SEG	- 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 -- General Agency Provisions" for additional information.]

[Bill Sections: 138, 432, and 9145(2)]

UNIVERSITY OF WISCONSIN SYSTEM

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$1,124,903,400	\$1,200,147,000	\$1,231,007,000	\$181,347,200	8.1%	18,432.76	18,439.26	18,445.76	13.00	0.1%
FED	1,843,593,700	1,843,593,700	1,843,593,700	0	0.0	5,602.60	5,602.60	5,602.60	0.00	0.0
PR	2,811,321,900	2,908,733,600	2,926,100,200	212,190,000	3.8	10,492.18	10,492.18	10,492.18	0.00	0.0
SEG	32,663,000	32,663,000	32,663,000	0	0.0	148.42	148.42	148.42	0.00	0.0
TOTAL	\$5,812,482,000	\$5,985,137,300	\$6,033,363,900	\$393,537,200	3.4%	34,675.96	34,682.46	34,688.96	13.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$20,789,500
PR	<u>7,881,800</u>
Total	\$28,671,300

Governor: 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

GPR	\$89,444,500
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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 Base	Increase over Base		% Increase Over Prior Year	
		2013-14	2014-15	2013-14	2014-15
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.

3. COMPENSATION PLANS

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.

[Bill Sections: 66, 67, 469 thru 475, 498 thru 500, 576, 577, 586, 587, 605, 1999, and 2011 thru 2013]

4. DEBT SERVICE REESTIMATE

GPR	\$42,413,200
PR	<u>39,046,800</u>
Total	\$81,460,000

Governor: 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.

5. INCENTIVE GRANTS

GPR	\$20,000,000
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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.

[Bill Sections: 249, 591, and 9148(1)]

6. CARBONE CANCER CENTER

GPR	\$3,750,000
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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.

[Bill Sections: 250 and 590]

7. FUNDING FOR MEDICAL SCHOOL PROGRAMS

GPR	\$3,000,000
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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 and the Training in Urban Medicine and Public Health Program at the University of Wisconsin School of Medicine and Public Health.

[Bill Sections: 588 and 589]

8. FLEXIBLE OPTION

	Funding	Positions
GPR	\$1,950,000	13.00

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.

9. ADJUST PR GENERAL PROGRAM OPERATIONS APPROPRIATION TO REFLECT 2012-13 OPERATING LEVELS

PR	\$165,261,400
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Governor: 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.

10. CORE GENERAL EDUCATION COURSES TRANSFER AGREEMENT

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.

[Bill Sections: 581 thru 583, 601, and 609]

11. ELIGIBILITY OF VETERANS FOR TUITION AND FEE REMISSIONS

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.

[Bill Sections: 598 thru 600 and 9348(1)]

12. ELIGIBILITY OF CHILDREN AND SPOUSES OF CERTAIN VETERANS FOR TUITION AND FEE REMISSIONS

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.

[Bill Sections: 592 thru 597 and 9348(1)]

13. PARTICIPATION IN THIRD-PARTY ENTITIES OFFERING TELECOMMUNICATIONS SERVICES

Governor: Modify current law to permit the Board of Regents, an 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, an 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, an 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, an 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.

[Bill Sections: 606 thru 608]

14. MEDICAL SCHOOL REPORTS

Governor: 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.

[Bill Sections: 2 thru 6]

15. DISCOVERY FARM GRANTS

Governor: Change the source of funds for the discovery farm grants from the agricultural chemical cleanup fund to the agrichemical management fund.

[Bill Section: 251]

16. DELETE OBSOLETE APPROPRIATION

Governor: 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.

[Bill Section: 468]

VETERANS AFFAIRS

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$2,627,700	\$2,402,800	\$2,386,500	-\$466,100	- 8.9%	0.00	0.00	0.00	0.00	0.0%
FED	2,662,800	5,901,200	5,953,800	6,529,400	122.6	12.00	54.00	54.00	42.00	350.0
PR	97,002,500	1,436,700	1,436,700	- 191,131,600	- 98.5	1,006.10	6.00	6.00	- 1,000.10	- 99.4
SEG	<u>35,155,600</u>	<u>131,944,500</u>	<u>132,352,700</u>	<u>193,986,000</u>	275.9	<u>118.00</u>	<u>1,272.70</u>	<u>1,270.70</u>	<u>1,152.70</u>	976.9
TOTAL	\$137,448,600	\$141,685,200	\$142,129,700	\$8,917,700	3.2%	1,136.10	1,332.70	1,330.70	194.60	17.1%

Budget Change Items

Departmentwide, Veterans Programs, and Museums

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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 (-\$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).

	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

2. TRANSFERS TO THE VETERANS TRUST FUND

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.

	Funding	Positions
GPR-Transfer	-\$5,300,000	
SEG-REV	\$5,300,000	
PR	-\$207,266,200	- 1,151.70
SEG	<u>207,270,700</u>	<u>1,151.70</u>
Total	\$4,500	0.00

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.

Make the following statutory changes. First, 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.

Second, 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).

The following table shows the administration's estimates for the condition of the VTF in the 2013-15 biennium.

Veterans Trust Fund Condition Statement

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Beginning Cash Balance, July 1	\$20,729,400	\$11,717,100	\$23,047,100
Revenues			
GPR Transfer to the Veterans Trust Fund	\$0	\$5,300,000	\$0
Operation of the Veterans Homes		122,127,500	126,842,600
Other Revenues	<u>4,934,000</u>	<u>4,227,800</u>	<u>3,720,400</u>
Subtotal	\$4,934,000	\$131,655,300	\$130,563,000
Expenditures	<u>\$13,946,300</u>	<u>\$120,325,300</u>	<u>\$125,501,800</u>
Ending Cash Balance, June 30	\$11,717,100	\$23,047,100	\$28,108,300

[Bill Sections: 398 thru 407, 478, 490, 516, 789, 804, 807, and 9249(1)]

3. TRIBAL COLLEGE REIMBURSEMENT PROGRAM

PR	\$810,000
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Governor: Provide \$405,000 annually 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).

[Bill Sections: 410, 773, 2159, and 9149(2)]

4. GRANTS TO ORGANIZATIONS THAT SERVE VETERANS

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. (A technical change to the bill is required to correct the placement of the initial applicability provision.)

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.

[Bill Sections: 413, 775 thru 783, and 9331(2)]

5. GRANTS TO TRIBAL VETERAN SERVICES OFFICES

SEG	\$201,200
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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. 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).

[Bill Sections: 413 and 813]

6. GRANT TO VETRANSFER INC.

SEG	\$500,000
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Governor: Provide \$500,000 in 2013-14 for DVA to provide as a one-time grant to VETransfer, Inc. (VETransfer), 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 VETransfer.

Start-Up Grants. Require VETransfer 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 VETransfer to use up to \$200,000 to provide entrepreneurial training and related services to veterans who are state residents.

Reporting Requirement. Require VETransfer 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 VETransfer may no longer expend moneys from the grant.

Require the 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.

Provide that, for each award VETransfer made during the previous year, the verified statement that VETransfer 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.

[Bill Sections: 412 and 788]

7. TRANSFER VETERANS EMPLOYMENT PROGRAM FROM DWD

	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."

8. EXECUTIVE STAFF ASSISTANT AND OUTREACH FOR THE JOINT WISCONSIN HISTORY MUSEUM

	Funding	Positions
SEG	\$332,000	1.00

Governor: 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: 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

	Funding	Positions
SEG	\$208,200	2.00

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.

11. MILITARY FUNERAL HONORS

GPR	\$165,200
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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.

[Bill Section: 409]

12. WAIVE RECREATION FEES FOR QUALIFIED VETERANS AND RESIDENT SERVICE MEMBERS

SEG	\$30,000
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Governor: 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
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Governor: 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.

[Bill Sections: 408, 784, and 785]

14. POSITION CLASSIFICATIONS

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 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

[Bill Sections: 2003, 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.

[Bill Section: 767]

Veterans Homes, Cemeteries, and Memorials

1. STAFFING AT THE VETERANS HOME AT KING

	Funding	Positions
PR	\$11,299,100	110.60

Governor: 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

	Funding	Positions
PR	\$4,064,800	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.

3. FULL FUNDING FOR THE VETERANS HOME AT CHIPPEWA FALLS

PR	\$2,350,000
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Governor: 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: 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: 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: 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.

[Bill Section: 790]

7. ELIGIBILITY CHANGES FOR VETERANS HOMES AND VETERANS CEMETERIES

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 makes 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.

[Bill Sections: 765, 791, 793 thru 801, 803, 805, 806, and 9349(1)]

8. VETERANS HOME RESIDENT CARE NEEDS

Governor: 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.

[Bill 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.

[Bill Section: 802]

10. CEMETERY STAFFING

Governor: 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

Governor: 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: 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.

[Bill Sections: 808 thru 812, and 9349(2)]

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

Budget Summary						FTE Position Summary
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		
		2013-14	2014-15	Amount	%	
GPR	\$32,790,600	\$35,111,500	\$38,511,500	\$8,041,800	12.3%	As an Authority, there are no state positions for the Wisconsin Economic Development Corporation.
FED	20,000,000	0	0	- 40,000,000	- 100.0	
SEG	<u>24,189,200</u>	<u>26,189,200</u>	<u>28,189,200</u>	<u>6,000,000</u>	12.4	
TOTAL	\$76,979,800	\$61,300,700	\$66,700,700	- \$25,958,200	- 16.9%	

Budget Change Items

1. INCREASED FUNDING FOR MARKETING AND SEED CAPITAL

GPR	\$10,900,000
SEG	<u>6,000,000</u>
Total	\$16,900,000

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).

2. PERMANENT GPR REDUCTIONS

GPR	- \$2,858,200
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Governor: Delete \$1,429,100 GPR annually in the Corporation's GPR appropriation, similar to permanent base level reductions recommended for many state agencies.

3. DELETE CDBG FUNDING

FED	- \$40,000,000
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Governor: 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.

4. TRANSFER CAPITAL GAINS EXCLUSION/DEFERRAL CERTIFICATION

Governor: 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."]

5. TAX CREDIT MODIFICATIONS

Governor: 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."

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Budget Change Items

1. EXEMPT INTEREST INCOME ON CERTAIN WHEFA BONDS OR NOTES FROM TAXATION

Governor: 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: (1) 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 (2) 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.

[Bill Sections: 1298, 1373, 1419 and 9337(3)]

2. FINANCING FOR NONPROFIT INSTITUTIONS

Governor: 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.

[Bill Sections: 2018 thru 2055]

WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

Budget Summary					FTE Position Summary	
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		There are no authorized state positions for the Wisconsin Housing and Economic Development Authority.
		2013-14	2014-15	Amount	%	
GPR	\$0	\$2,500,000	\$0	\$2,500,000	N.A.	

Budget Change Item

1. WISCONSIN DEVELOPMENT RESERVE FUND

GPR	\$2,500,000
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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 administration reports 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. Under the bill, the WDRF would be able to support up to \$11.25 million in

additional loan guarantees with an additional \$2.5 million in reserves, based on the 4.5:1 reserve ratio.

The appropriation also would serve to 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. Additionally, WHEDA had estimated in August, 2012, that the WDRF balance could decrease to perhaps \$4.7 million as of June 30, 2013, and perhaps \$3.2 million as of June 30, 2014. These balances would support outstanding guarantees of approximately \$21.1 million and \$14.5 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.

WISCONSIN TECHNICAL COLLEGE SYSTEM

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$108,247,300	\$108,286,200	\$113,292,700	\$5,084,300	2.3%	23.25	23.25	23.25	0.00	0.0%
FED	32,841,400	32,620,400	32,622,000	- 440,400	- 0.7	28.75	28.75	28.75	0.00	0.0
PR	<u>5,206,600</u>	<u>4,584,600</u>	<u>4,586,400</u>	<u>- 1,242,200</u>	- 11.9	<u>11.00</u>	<u>6.00</u>	<u>6.00</u>	<u>- 5.00</u>	- 45.5
TOTAL	\$146,295,300	\$145,491,200	\$150,501,100	\$3,401,700	1.2%	63.00	58.00	58.00	- 5.00	- 7.9%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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).

GPR	\$114,700
FED	- 440,400
PR	<u>- 71,400</u>
Total	- \$397,100

2. PERMANENT GPR REDUCTIONS

Governor: Reduce funding by \$15,200 annually to implement the lapse provisions of 2011 Act 32 relating to reductions in base funding.

GPR	- \$30,400
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3. INCREASE STATE GENERAL AID

Governor: Provide \$5,000,000 in 2014-15 above annual base level funding of \$83,534,900 for state general aid for technical colleges.

GPR	\$5,000,000
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4. PERFORMANCE BASED FUNDING

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.

[Bill Sections: 257, 641 thru 646, 648, and 1993]

5. GRANTS TO DISTRICT BOARDS

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.

[Bill Sections: 253 thru 256, 258 thru 271, 611 thru 614, 637 thru 640, 647, 649 thru 659, and 9443(1)]

6. DISTRICT BOARD LEVY LIMIT

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.

[Bill Sections: 617 thru 626]

7. REPEAL 1.5 MILL RATE LIMIT

Governor: 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.

[Bill Sections: 616, 627, and 9343(1)]

8. CORE GENERAL EDUCATION COURSES TRANSFER AGREEMENT

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.

[Bill Sections: 601 and 610]

9. ELIGIBILITY OF VETERANS FOR TUITION AND FEE REMISSIONS

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.

[Bill Sections: 634 thru 636 and 9343(2)]

10. ELIGIBILITY OF CHILDREN AND SPOUSES OF CERTAIN VETERANS FOR TUITION AND FEE REMISSIONS

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.

[Bill Sections: 628 thru 633, and 9343(2)]

11. EDUCATIONAL APPROVAL BOARD TRANSFER

	Funding	Positions
PR	- \$1,170,800	- 5.00

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.

[Bill Sections: 46, 48, 49, 272 thru 275, 563, 660 thru 692, 768 thru 772, 774, 1300, 1346, 1347, 1397, 1398, 1433, 1434, 1722, 1903, 1979, 2218 thru 2229, 2231, 2337, 2338, and 9143(1)]

WORKFORCE DEVELOPMENT

Budget Summary						FTE Position Summary				
Fund	2012-13 Adjusted Base	Governor		2013-15 Change Over Base Year Doubled		2012-13	Governor		2014-15 Over 2012-13	
		2013-14	2014-15	Amount	%		2013-14	2014-15	Number	%
GPR	\$24,613,500	\$24,760,400	\$27,013,700	\$2,547,100	5.2%	126.46	129.61	143.46	17.00	13.4%
FED	206,927,900	193,649,800	195,108,900	-25,097,100	-6.1	1,258.64	1,188.44	1,169.59	-89.05	-7.1
PR	68,318,100	75,111,100	74,871,500	13,346,400	9.8	257.41	251.71	251.71	-5.70	-2.2
SEG	<u>29,970,100</u>	<u>67,237,500</u>	<u>67,267,200</u>	<u>74,564,500</u>	124.4	<u>102.30</u>	<u>108.00</u>	<u>108.00</u>	<u>5.70</u>	5.6
TOTAL	\$329,829,600	\$360,758,800	\$364,261,300	\$65,360,900	9.9%	1,744.81	1,677.76	1,672.76	-72.05	-4.1%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: 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 (\$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.

	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

2. VOCATIONAL REHABILITATION MAINTENANCE OF EFFORT

Governor: 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

	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

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.

3. ELIMINATE INDEPENDENT LIVING CENTERS TRANSFER

Governor: 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 (DWD) 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.

[Bill Sections: 362, 363, 378, 870, and 871]

4. APPRENTICESHIP FUNDING

Governor: 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

	Funding	Positions
GPR	\$1,810,000	13.85
FED	<u>-2,728,600</u>	<u>-13.85</u>
Total	- \$918,600	0.00

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.

5. VETERANS IN PIPING APPRENTICESHIP PROGRAM

	Funding	Positions
GPR	\$300,000	1.00

Governor: 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.

6. REDUCTION FOR LOCAL YOUTH APPRENTICESHIP

GPR	- \$249,600
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Governor: 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.

7. REESTIMATE FED AND PR APPROPRIATIONS

FED	- \$36,838,800
PR	<u>15,042,800</u>
Total	- \$21,796,000

Governor: 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	

8. TRANSFER THE DISABLED VETERANS' OUT-REACH PROGRAM TO THE DEPARTMENT OF VETERANS AFFAIRS

	Funding	Positions
FED	- \$6,212,000	- 37.00

Governor: 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.

[Bill Section: 9151(2)]

9. EXTEND PROJECT POSITIONS

	Funding	Positions
FED	\$4,660,000	37.00

Governor: 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.

10. SPECIAL ASSESSMENT FOR INTEREST PAYMENTS

SEG	\$74,000,000
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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. 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 unemployment reserve fund. 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 unemployment reserve fund 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.

11. UNEMPLOYMENT INSURANCE -- SUITABLE WORK

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.

[Bill Sections: 1716, 1717, and 9351(1)]

12. SHARING OF CONFIDENTIAL INFORMATION

Governor: 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."]

[Bill Sections: 1718 and 1721]

13. LABOR AND INDUSTRY REVIEW COMMISSION POSITION

	Funding	Positions
FED	\$101,800	1.00

Governor: 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.

14. 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: 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.

[Bill Sections: 376, 377, and 1714]

15. WORKFORCE INFORMATION AND TECHNICAL SUPPORT POSITIONS

	Funding	Positions
GPR	\$255,700	2.00

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.

16. COLLECTOR POSITION FOR THE UNINSURED EMPLOYERS FUND

	Funding	Positions
SEG	\$102,800	1.00

Governor: 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.

17. TRANSFER FACILITY DESIGN POSITION TO THE DEPARTMENT OF ADMINISTRATION

	Positions
PR	- 1.00

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 -- General Agency Provisions" for additional information.]

[Bill Sections: 138, 432, and 9151(1)]

18. ATTACH WISCONSIN EMPLOYMENT RELATIONS COMMISSION TO DWD

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.

[Bill Section: 47]