

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : 3/22/2019

TO : Supervisor Theodore Lipscomb Sr., Chair, County Board of Supervisors

FROM : Joe Lamers, Director, Office of Performance, Strategy, and Budget (PSB)

SUBJECT : 2020 Operating Budget Planning Updates

Background/Discussion

In the January and March cycle, PSB provided the County Board a report (File 19-26) on the estimated 2020 Operating budget gap of approximately \$26.5 million and draft options to help close the gap. This report provides an update on the 2020 Operating Budget Gap and provides an opportunity for further discussion on 2020 departmental levy targets, revenues, and other gap closing strategies.

The below chart shows that the projected 2020 Operating Budget Gap is \$28.0 million, up from the \$26.5 million projection in January. Projection changes are described below.

Estimated 2020 Operating Budget Gap		
Description	Initial Draft (Jan)	Update Draft (April)
Compensation Increase	\$ 5.7	\$ 5.7
Health Care	\$ 2.8	\$ 5.5
Pension	\$ 6.6	\$ 6.6
Debt Service P&I	\$ 1.0	\$ 1.0
Other Operating Cost to Continue	\$ 10.7	\$ 10.7
Inmate Medical Cost Increase	\$ 5.0	\$ 4.5
Court Appointed Attorney Fees	\$ 1.5	\$ 1.5
Total Expense Change	\$ 33.3	\$ 35.5
Revenue Change - Lost Revenues		
Debt Service Reserve	\$ 3.3	\$ 3.3
Unclaimed Revenue	\$ 1.3	\$ 1.3
Revenue Change - Increased Revenue		
Property Tax	\$ (3.9)	\$ (3.9)
Sales Tax	\$ (2.6)	\$ (3.6)
GTA	\$ (0.5)	\$ (0.5)
VRF	\$ (0.4)	\$ -
Other/Reimbursement Revenue	\$ (4.1)	\$ (4.1)
Total Revenue Change	\$ (6.8)	\$ (7.5)
Gap Total	\$ 26.5	\$ 28.0

Changes for April:

- Based on updated information including a review with the Office of the Comptroller, the increase in health care is now projected at \$5.5 million.
- Inmate Medical costs are now projected to increase by \$4.5 million, based on the value of executed contracts.
- Sales tax revenue is now projected to grow by \$3.6 million. This is based on updated actuals from 2018 and projected growth of 2% per year going forward.
- Vehicle Registration Fee revenue is now projected to be flat. Although recent revenue receipts have trended above budget, the State has published updated registration data for calendar year 2018 which indicates Milwaukee County vehicle registrations are in line with the current budget.

Other Updates:

- The Wisconsin Supreme Court ruled against Milwaukee County in the case *Milwaukee District Council 48 v. Milwaukee County* on March 19, 2019. The ruling will likely increase the County's unfunded pension liability, the County's annual contribution, and the general employee contribution rate. Retirement Plan Services is working with the pension actuary to develop an up-to-date actuarial analysis of the ruling. That information will be shared with the County Board and the public when available.
- As indicated in prior month reports, the cost of court appointed attorney fees are projected to increase by \$1.5 million, based on a Wisconsin Supreme Court ruling which increases the attorney fee rate from \$70 to \$100 in 2020. While the current financial impact estimate is not changed, PSB is working with the courts to refine this estimate during the 2020 budget process. An updated analysis of fees specifically impacted by the court ruling is being prepared. This update will be shared during the 2020 budget process.

Gap Closing Options

Three broad options for closing the budget gap were also presented in previous reports in the manner shown below. The below chart includes one assumption change since the March report. Due to the \$1.5 million increase in the gap projection, the "Cash Capital or Other Reduction" assumption is increased from \$2.5 million to \$4.0 million.

2020 Gap Closing Options	Divest	Temp Fix	Temp Fix
Dept's Self Fund Operating Cost-to-Continue	\$ 10.7	\$ 10.7	\$ -
Debt Service Withdrawl Equal to 2019	\$ 3.3	\$ 3.3	\$ -
Cash Capital or Other Reduction	\$ 4.0	\$ 4.0	\$ -
Departmental Levy Targets	\$ 10.0	\$ -	\$ -
New Revenues	\$ -	\$ 10.0	\$ 28.0
Total	\$ 28.0	\$ 28.0	\$ 28.0

The following information is similar to what was presented in the March cycle and is repeated in this report to continue the conversation on 2020 gap closing strategies.

Divest Option / Levy Targets

If the Divest strategy is followed for the 2020 budget process, levy reduction targets totaling \$10 million will be distributed to departments. The amount is subject to change based on updates to the budget gap analysis, decisions around capital funding, the use of debt service reserves and other factors. A \$10 million reduction in levy targets would amount to an approximately 1.6% reduction to the total budget for departments.

The below chart provides preliminary draft tax levy targets by department, which add up to \$10.0 million. A similar methodology that was applied to 2019 levy targets was used. This methodology included across-the-board percentage reductions to most departments, although some revenue generating and high-risk departments are exempted (as detailed in the chart). These are not final levy targets, but are representative of reductions which will be needed if new revenues are not available.

For the 2020 draft levy targets, two changes are included from methodology that was used in 2019. The cost of providing inmate medical services is excluded from the House of Correction levy reduction calculation, and the Emergency Medical Service function in the Office of Emergency Management is also removed since any levy savings in that area would be offset by a reduction in the levy limit per state statute.

All departments will be expected to follow the levy target instructions in the requested budget process. If departments do not meet their levy target within their request, the County Executive's recommended budget will make adjustments accordingly to ensure that all departments participate in efforts to achieve a balanced budget.

2020 BUDGET PRELIMINARY DRAFT TAX LEVY REDUCTION TARGETS: 1.6% TOTAL BUDGET					
County Executive Cabinet Departments		Elected Departments		Excluded Departments	
Agency	Reduction	Agency	Reduction	Agency	Reduction
102 CEX - Vets	\$ (3,245)	200 Courts	\$ (434,977)	<i>Revenue Departments:</i>	
103 CEX - Gov Affairs	\$ (3,719)	290 Courts Pre-Trial	\$ (83,520)	504 DOT-Airport	\$ -
109 OAAA	\$ (12,142)	340 ROD	\$ (23,803)	580 DOT-Directors	\$ -
112 PRB	\$ (4,449)	370 Comptroller	\$ (71,274)	530 DOT-Fleet	\$ -
113 Corp Counsel	\$ (18,165)	450 DA	\$ (186,287)	510 DOT-Highway	\$ -
114 Human Resources	\$ (85,272)	400 Sheriff	\$ (675,152)	507 DOT-Tran Svcs	\$ -
115 DAS	\$ (600,065)			550 DAS-Utility	\$ -
430 HOC	\$ (486,531)			243 Child Support	\$ -
480 OEM	\$ (71,137)			<i>Elected Offices with Limited Staff:</i>	
490 Medical Examiner	\$ (68,928)			110 CEX - General	\$ -
560 DOT-Transit	\$ (1,660,235)			100 County Board	\$ -
630 DHHS-BHD	\$ (2,772,814)			309 Treasurer	\$ -
800 DHHS	\$ (1,510,104)			327 Clerk	\$ -
790 Aging	\$ (248,038)			<i>High Risk Areas:</i>	
900 Parks	\$ (597,265)			116 DAS-IMSD	\$ -
950 Zoo	\$ (268,593)			117 DAS-Risk	\$ -
990 UW-Ext	\$ (7,440)			301 Election Commission	\$ -
Culturals	\$ (106,846)				
Total Cabinet Depts	\$ (8,524,987)	Total Elected Depts	\$ (1,475,013)	Excluded Depts	\$ -
GRAND TOTAL					\$ (10,000,000)

Temporary Fix Option

Under the temporary fix option, \$10 million of new revenues and or non/departamental cost savings need to be identified, in order to avoid further departamental budget reductions.

County taxing authority is granted by State Statute, and the County has limited options for generating new revenues. Property tax for operating purposes is limited to the percentage of growth in net new construction; this growth rate is already factored into the budget gap analysis. The County share of sales tax receipts is limited to 0.5%; growth in sales tax is also factored into the above budget gap analysis.

The County does have an option to increase the Vehicle Registration Fee (VRF) from the current rate of \$30 up to approximately \$60 to replace tax levy for all transportation services. The below table shows the additional amount of VRF that could be generated with fee increases ranging from \$5 to \$30. A fee increase of approximately \$20 would be needed in order to generate \$10 million.

VRF Increase Scenarios		
Increase Amount	Annualized Increase	2020 Budget Estimate*
\$ 5	\$ 2,843,444.73	\$ 2,606,491
\$ 10	\$ 5,679,808.36	\$ 5,206,491
\$ 15	\$ 8,516,172.00	\$ 7,806,491
\$ 20	\$ 11,352,535.64	\$ 10,406,491
\$ 25	\$ 14,079,808.36	\$ 12,906,491
\$ 30	\$ 16,916,172.00	\$ 15,506,491

**VRF increases become effective three months after an ordinance change. If a VRF change were to be included in the budget that is adopted in November, it would not be collected for the full fiscal year in 2020. In order to be effective for the full year, the ordinance would need to be changed in September.*

VRF & Transit Budget Detail

It is important to note that VRF revenue can only be used for Transit and Transportation related expenses, including operating and capital costs. The Transit department in particular is a significant tax levy cost center. Transit’s 2019 operating budget includes \$9.4 million in tax levy funding. Transit’s estimated cost-to-continue is \$3.2 million for 2020, representing approximately 2% growth in operating costs. In addition, Transit’s 2019 operating budget included \$1.6 million of one-time revenues which are not expected to be available in 2020. Also, the preliminary tax levy reduction target chart shown above indicates that Transit may be faced with a \$1.6 million reduction target for 2020. When combining the cost-to-continue, one-time revenues, and a potential levy reduction target, the Transit operating budget is estimated to have a potential shortfall of \$6.4 million in 2020. This amount has the potential of being further increased by the ATU contract which has not been negotiated.

If a VRF increase were to be pursued, decisions would need to be made regarding how the funds are allocated, including whether the fee increase would support the Transit budget and/or other areas of operations, as well as the capital budget.

Sustainability Option

The sustainability option would require \$26.5 million or more in additional revenues. Current State Statutes largely prevent the County from raising revenues of this magnitude.

The “Fair Deal for Milwaukee County Workgroup” was created to identify and propose options for enhancing the long-term fiscal stability of Milwaukee County, and to increase State funding of mandated services. This Workgroup has held meetings and recommended a platform for lobbying activity and legislative change. Changes at the State level will be needed to meet a sustainable budget.

The Governor has proposed a State budget that would provide additional support to all local governments, including Milwaukee County. It is uncertain if the proposed budget will be adopted in time for the County’s 2020 budget preparations. It is also unknown if items impacting County will be included in the adopted State budget. For the 2020 budget process,

DAS-PSB will operate under a status quo set of revenue assumptions unless new information is made available. This means that most State revenues are currently projected to remain flat in 2020.

Proposed State Budget Detail

During the March Finance & Audit Committee meeting there was discussion surrounding the Governor’s Proposed Budget and PSB indicated that additional information would be shared in April. Below is a summary of some of the high level potential impacts on the County’s budget. The Governor’s budget includes a number of proposals which would improve the County’s revenue forecast. These proposals are not included in current revenue estimates described above, given that the State budget has not been approved.

Below is a summary of items in the Governor’s proposed budget for which an estimated Milwaukee County impact can be quantified.

- **Shared Revenue** is proposed to be increased by 2% in 2021. This would represent the first increase in shared revenue in over a decade. The estimated Milwaukee County impact is approximately \$620,000.
- **Levy Limit Revision:** The Governor’s budget allows counties to increase their property tax levies by the greater of the percentage change in equalized value due to net new construction or 2 percent, with the 2 percent clause being a new proposal. Allowing for 2% growth would provide an option to increase the County levy by an additional \$1.0 million to \$1.5 million, compared to net new construction increases in recent years.
- **Local Transit Aids** are proposed to be increased by 10% by 2021, phased over two years. MCDOT estimates that this would lead to a \$5.5 million increase for MCTS.
- **General Transportation Aids** are also proposed to be increased by 10%. MCDOT estimates a potential increase of \$271,000 for DOT-highways.

Summary of State Budget Impacts	SFY 2020	SFY 2021
Levy Limit Floor (2% or net net new construction)	1,250,000	1,250,000
Shared Revenue 2% Increase 2021	-	620,000
Local Transit Aids 10% Increase in 2021	1,300,000	5,536,000
General Transportation Aids	271,000	271,000
Total Estimate	2,821,000	7,677,000

The following proposals would also have an impact on the County. The financial impact of these items has not been fully quantified.

- **Child Support:**

- The Governor’s budget proposes to increase Child Support General Purpose Revenue statewide by \$750,000 in 2020 and \$1.5 million in 2021.
 - The Governor’s budget also recommends ending Birth Cost Recovery (BCR), which includes a recovery of Medicaid funded birth expenses from non-custodial fathers. This is estimated to result in a loss of \$2.6 million statewide for child support agencies, beginning in 2020.
 - It is expected that these two budget proposals would have a combined negative impact on child support revenues, particularly in year one of the proposed State budget when the GPR revenue increase is at the lower value. While the above numbers above reflect statewide impact, the County impact estimate is under review and updates will be provided.
- **Medicaid Expansion:** The Governor’s budget proposes an expansion of Medicaid eligibility under the Affordable Care Act by covering all Wisconsin residents who earn incomes up to 138 percent of the federal poverty level. This is expected to improve reimbursement levels for services provided by DHHS and BHD.
 - **Medicaid Community Health Benefit:** The Governor’s budget creates a Medicaid community health benefit that invests \$45 million for nonmedical services to reduce and prevent health disparities that result from economic and social determinants of health. Major services included in the Community Health Benefit are housing referral services, stress management, and nutritional counseling.
 - **Homeless Prevention:** The Governor recommends increasing funding for homeless prevention programs by \$3.4 million Statewide in 2020 and 2021.
 - **Crisis Intervention Services:** The Governor’s budget recommends the state pay for a portion of the nonfederal share of Medicaid Crisis Intervention services currently funded by counties in Wisconsin. Under the proposal, counties will provide a 75% maintenance of effort payment based on CY17 expenditures. This is expected to free up over \$0.6 million in local funding in the short term and could result in over \$1.0 million savings in local funds as Milwaukee County redesigns and expand crisis services.
 - **Cross Municipal Transit Routes:** The proposed budget includes language for creating an exclusion to county and municipal levy limits for cross-municipality transit routes where the counties and municipalities meet several criteria and that each participating county or municipality must pass a referendum approving the agreement. The exclusion shall be limited to operating and capital costs directly associated with the transit route or routes crossing municipal or county boundaries and cannot be claimed for any amounts currently levied by counties and municipalities for existing cross-boundary routes or for any other route.
 - **VW Settlement Funds:** The Governor’s budget allocates 60% of the remaining \$25 million in Volkswagen emissions settlement funds dedicated to the replacement of public


transit vehicles and 40% towards electric vehicle charging stations. In addition, the current law would be modified by reducing the percentage of the of the total grant award returned to the state through shared revenue reduction by Milwaukee County's transit system from 75-20 percent. There may not be many MCTS buses that will qualify for the program due to not meeting the age (depreciation) requirements.

- **Internet Sales Tax:** The Governor's budget includes language explicitly requiring internet marketplace providers to collect and remit sales and use tax. While internet sales taxes are already being collected as of 2018, this provision would likely increase enforcement and collection of the tax.

The Wisconsin Counties Association has prepared a comprehensive review of the Governor's proposed budget which is available online at:
https://www.wicounties.org/uploads/budget_documents/final-budget-summary-march-8.pdf.

RECOMMENDATION

This report is for informational purposes only. No action is needed. However, as part of the budget process, feedback from the Finance and Audit Committee and the County Board will be taken into consideration in regards to budget planning items such as levy targets and new revenues. The administration looks forward to continuing work with the Board to develop a long term fiscal sustainability plan for the County.



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2019-21 STATE BIENNIAL BUDGET SUMMARY

Governor Tony Evers introduced the 2019-21 State Biennial Budget on February 28, 2019.

County-related highlights of the Governor's proposed two-year spending plan include:

- **Child Welfare:** The Governor's budget allocates an additional \$15 million annually in the Children and Families Aids allocation beginning in CY20.
- **Juvenile Corrections:** The Governor's budget provides additional funding for SRCCCYs and returns 17-year-olds to the juvenile justice system. The budget creates a sum sufficient appropriation to reimburse counties for costs associated with this policy change.
- **County Transportation:** The Governor's budget increases county general transportation aids and general transit aids by 10 percent. The budget also increases funding for the local road improvement program by 4 percent and allocates an additional \$3 million annually for the seniors and individuals with disabilities specialized transportation aids program.
- **Shared Revenue:** The Governor's budget increases county shared revenue by 2 percent beginning in 2020. This is the first proposed increase in over a decade.
- **Property Taxes:** The Governor's budget allows counties to increase their property tax levies by the greater of the percentage change in equalized value due to net new construction or 2 percent. The budget also amends assessment practices by incorporating language from last session's dark store and *Walgreens v. City of Madison* reversal legislation.
- **County Conservation:** The Governor's budget allocates \$10.4 million annually for county land conservation staffing and cost-sharing grants, the highest funding amount in over a decade.
- **Broadband Expansion:** The Governor's budget increases the broadband expansion grant program to \$39.3 million in each year of the upcoming biennium. This is an increase of nearly five-fold over current funding levels.

The WCA Government Affairs staff has prepared the following summary of county-related provisions in the Governor's budget. Please contact the WCA Government Affairs team with

any questions and please visit the WCA website at www.wicounties.org as the summary will be updated as additional information is obtained.

AGRICULTURE, ENVIRONMENT AND LAND USE

Stewardship Reauthorization: The Governor's budget extends the Warren Knowles-Gaylord Nelson Stewardship 2000 program until fiscal year 2021-22 at current funding levels using authorized unobligated bonding authority. The extension of the program will allow the department and stakeholders to identify future options for the program.

Water Quality and Environmental Protection: The Governor's budget recommends increasing position authority to provide 4.0 FTE project positions to facilitate implementation of water quality restoration and improvement plans. The Governor's budget also recommends providing additional conservation fund-supported general obligation bonding authority of \$4 million to provide grants that facilitate implementation of water quality restoration and improvement plans. The Governor's budget further recommends increasing expenditure authority by \$76,600 SEG and position authority by 1.0 FTE SEG position in each fiscal year to implement the water quality grant program. Finally, the Governor recommends increasing expenditure authority by \$1,457,900 SEG in each year of the biennium to fund river and lake protection grants.

Grants for Local Organizations that Coordinate Grazing: The Governor's budget proposal requires the Department of Trade Agriculture and Consumer Protection (DATCP) to promote the dairy industry by providing grants to local organizations that coordinate grazing.

Local Pollution Control Grants (TMDL Watersheds): The Governor's budget proposal requires the Department of Natural Resources (DNR) to award grants to both municipalities and counties for infrastructure projects related to pollution control that have a Total Maximum Daily Load (TMDL). A TMDL is the maximum amount of pollution allowed while still meeting water quality standards. The Governor's budget provides \$4,000,000 in general obligation bonding for this purpose.

State Park Funding: The Governor's budget recommends increasing funding to the state park system to reflect the greater costs associated with increased park system attendance. The total funding increase is approximately \$2.8 million in the biennium.

Wisconsin Forestry Practices Study: The Governor's budget provides \$450,000 in funding for the implementation of the recommendations made in the Wisconsin Forestry Practices Study.

Forest Fire Protection Grants: The Governor's budget increases funding for the Forest Fire Protection Grant Program to enable the department to provide more grants to local fire departments.

Targeted Runoff Conservation Activities: The Governor's budget provides \$6.5 million in environmental fund-supported general obligation bonding authority for nonpoint source pollution abatement-targeted runoff management infrastructure projects. The Governor also recommends providing \$400,000 SEG in each year for nonpoint source pollution abatement -targeted runoff management grants.

Soil and Water Resource Management Bond Authority and Cost Share Grants: The Governor's budget provides \$10 million in SEG-supported general obligation bonds for grants to counties for implementation of land and water resource management plans, including cost-share grants to landowners. This funding level is an increase of \$3 million from the previous biennium.

Urban Nonpoint Storm Water Control: The Governor's budget provides \$4 million in environmental fund-supported general obligation bonding authority for urban nonpoint source cost-sharing. This is an increase from \$53,600,000 to \$57,600,000 in the biennium. The goal of this program is to provide financial assistance for projects that manage urban storm water and runoff.

Contaminated Sediment Bonding: The Governor's budget provides \$25 million in environmental fund-supported general obligation bonding authority for contaminated sediment removal for sites in the Great Lakes or its tributaries that are on Wisconsin's impaired waters list.

Dam Repair and Removal: The Governor's budget provides \$4 million in GPR-supported general obligation bonds for grants to be used for dam repair, reconstruction and removal projects.

Nonpoint Source Pollution Funding Adjustments: The Governor's budget increases expenditure authority by \$1,500,000 SEG in each year for nutrient management cost-sharing. The Governor also recommends increasing the amount the department may allocate for producer-led watershed grants to \$750,000 in each year

Permitting of Concentrated Animal Feeding Operations (CAFO): The Governor's budget provides expenditure and position authority in the amount of \$425,000 in each year of the biennium to oversee the permitting, inspection and enforcement of concentrated animal feeding operations (CAFO) in Wisconsin. The Governor's budget also recommends increasing the annual fee assessed to operators of CAFOs and establishing an application and renewal fee for the operation of a CAFO.

Bonding for Nonpoint Water Pollution Abatement: The Governor's budget increases by \$6,500,000, general obligation bonding authority for financial assistance for projects that manage urban storm-water runoff. The total bonding authority is increased from \$44,050,000 to \$50,550,000 in the biennium. The financial assistance will enhance water pollution abatement

projects and assist concentrated animal feeding operations in implementing best management practices.

County Conservation Staffing and Cost Sharing Grants: The Governor's budget provides a \$1.4 million annual increase in grant funding to counties for county conservation staff to support land and water conservation activities. The annual base funding allocation for the program will increase from \$8.96 million annually in the 2017-19 biennium to \$10.396 million annually in both years of the 2019-21 biennium.

Industrial Hemp Program: The Governor's budget provides expenditure and project position authority to assist in the licensing, registration and testing of industrial hemp.

Replacement of Lead Service Lines: The Governor's budget authorizes \$40 million in GPR-supported bonding for the replacement of up to 50 percent of the cost to replace lead service lines through the Safe Drinking Water Loan Program. It is estimated that there are 170,000 lead service lines in Wisconsin. The lead service line program would be structured as a forgivable loan.

Changes to the Well Compensation Program: The Governor's budget proposal increases the eligibility income threshold for a family or individual well owner from \$65,000 to \$100,000 annually. In addition, a well owner or renter whose family income is below the state's median income may receive a grant of up to 100 percent of a project's eligible costs, not to exceed \$16,000.

Private On-site Wastewater Treatment System Replacement or Rehabilitation Program (Wisconsin Fund): The Governor's budget proposal eliminates the sunset date (June 30, 2021) for the Private On-Site Wastewater Treatment System Replacement or Rehabilitation Program. The program will continue to assist home owners and small commercial establishments meeting certain income and eligibility criteria to repair or replace eligible failing private on-site wastewater treatment systems.

Bonding Authority for the Clean Water Fund Program: The Governor's budget proposal increases the general obligation bonding authority for the Clean Water Fund Program from \$646,283,200 to \$659,783,200 or by \$13,500,000. This program provides financial assistance to local governmental units for projects to control water pollution such as sewage treatment plants.

COUNTY ORGANIZATION AND PERSONNEL

Broadband Expansion: The Governor's budget includes several initiatives to aid in the expansion of broadband across Wisconsin. First, the Governor's budget recommends an increase in expenditure authority for the Public Service Commission (PSC) broadband expansion grant

program to \$39.3 million in each year of the biennium. This allocation includes a minimum of \$2 million annually from the universal service fund, a transfer of \$6.9 million in FY20 and \$17.3 million in FY21 from the Department of Administration e-rate funds, and an allocation of \$30.4 million in GPR in the first year of the biennium and \$20 million in the second year.

The Governor's budget also recommends the modification of current law to provide a goal for the state to provide all homes and businesses within the state access to high-speed broadband with a minimum download speed of at least 25 megabits per second and a minimum upload speed of at least 3 megabits per second by the year 2025.

The Governor's budget also includes a modification to current law to adjust the definition of broadband "underserved" as an area that lacks access to service of download speeds of at least 25 megabits per second and upload speeds of at least 3 megabits per second and "unserved" as an area that lacks access to service of download speeds of at least 10 megabits per second and upload speeds of at least 1 megabit per second. Finally, the Governor's budget would modify state statutes that in any way discourages municipalities from providing broadband service to residents in broadband "unserved" and "underserved" areas.

Elections: The Governor's budget modifies current law regarding voting requirements that were included in 2017 Wisconsin Act 369. Modifications include elimination of the proof of enrollment for a student ID card and allows the use of a card that expires no later than five years after the issuance date. The Governor's budget would also eliminate the requirement that the card have the student's signature. The Governor's budget also extends the expiration date of a receipt from the DOT as a temporary identification card to 180 days.

The Governor's budget requires the Elections Commission to facilitate the registration of all eligible electors of the state and maintain the registration of all eligible electors for as long as they are eligible. The Governor's budget directs the Commission and Department of Transportation (DOT) to work together so that the DOT may transfer information in their records to the commission. Individuals will have the opportunity to "opt out" of the DOT transfer of information when applying for a driver's license or state ID.

The Governor's budget would eliminate the restriction on how soon a person may complete an absentee ballot in person and would further provide that a person must complete such a ballot no later than Friday preceding the election.

Redistricting: The Governor's budget directs the Legislative Reference Bureau (LRB) to redraw legislative and congressional redistricting maps and appropriate \$10,000 biennially for that purpose. The Governor's budget also establishes a five-member Redistricting Advisory Commission to oversee the work of the LRB. The members will consist of the speaker and

minority leader of the Assembly, the majority and minority leader of the Senate, and the fifth member will be selected by the four legislative members.

UW-Extension: The Governor's budget provides funding of \$1.5 million in each year of the biennium and 20 new county-based UW-Extension agricultural positions.

Veterans: The Governor's budget recommends that County Veterans Service Officer Grants appropriations be consolidated into a single appropriation. No additional funds were included in the Governor's budget for this grant program.

Minimum Wage: The Governor's budget includes an increase in the state's minimum wage. Minimum wage would be increased by \$1 on January 1, 2020 and by \$0.75 in each year beginning January 1, 2021 for three years. Thereafter, the minimum wage would increase based on the consumer price index yearly.

Prevailing Wage: The Governor's budget reinstates Wisconsin's prevailing wage law.

Project Labor Agreements: The Governor's budget also repeals 2017 Wisconsin Act 3 which prohibited agreements (collective bargaining, project labor agreements or community workforce agreements) between governments and labor organizations on public works projects.

Right-to-Work: The Governor's budget eliminates the state's right-to-work law. Currently, the right-to-work law prohibits a person from requiring, as a condition of obtaining or continuing employment, and individual to refrain or resign from membership in a labor organization, to become or remain a member of a labor organization, to pay dues or other charges to a labor organization, or to pay any other person an amount that is in place of dues or charges required of members of a labor organization.

State and Local Employment Regulations: The Governor's budget would repeal the preemption of local governments from enacting or enforcing ordinances related to various employment matters. Currently, local governments may not enact an ordinance regulating wages, overtime pay, employee hours, and benefits (2017 Wisconsin Act 327).

HEALTH AND HUMAN SERVICES

Department of Health Services (DHS)

Medicaid Expansion: The Governor's budget changes the family income eligibility level to up to 133 percent of the federal poverty level for parents and caretaker relatives under BadgerCare Plus and for childless adults currently covered under BadgerCare Plus Core, who are incorporated into BadgerCare Plus in the budget. An additional 82,000 Wisconsinites will

receive healthcare coverage through Medicaid. The Governor's budget anticipates \$320 million in GPR savings through this initiative.

Childless Adult Demonstration Project: The Governor's budget eliminates the statutory implementation requirement for the BadgerCare Reform waiver, including the deadline and penalties, eliminates the statutory requirement for DHS to seek the waiver, and allows DHS to modify or withdraw the waiver. The waiver called for imposing premiums on, requiring a health risk assessment of, and time-limiting eligibility for recipients of BadgerCare Plus under the childless adult demonstration project waiver.

Drug Screening and Testing Requirements: The Governor's budget eliminates provisions under current law that, with certain exceptions, require controlled substance abuse screening and, in some cases, testing and treatment of all of the following: (a) individuals who apply to participate in certain work experience programs administered by DCF and DWD; (b) noncustodial parents who apply for W-2; (c) every adult member of an individual's W-2 group whose income or assets are included in determining the individual's eligibility for a W-2 program.

Eliminating Child Support Compliance Requirement: Current law prohibits certain able-bodied adults and able-bodied parents who refuse to cooperate in determining the paternity of a child, establishing or enforcing any support order, or obtaining any other payments or property to which the adult or child has rights, and certain parents who are delinquent in child support payments from being eligible for the MA program. The Governor's budget eliminates these prohibitions and reinstates the requirement that a person seeking MA benefits must cooperate, in accordance with federal law, in good faith with efforts directed at establishing paternity of a nonmarital child and obtaining support payments or any other payments or property to which the person and the dependent child or children may have rights.

FoodShare Work Requirements: The Governor's budget repeals the drug screening and testing requirements for able-bodied adults seeking to participate in the FoodShare employment and training program. The Governor's budget eliminates the requirement to implement a drug screening, testing, and treatment policy.

FSET Requirement: 2017 Wisconsin Act 264 requires DHS, beginning on October 1, 2019, to require all able-bodied adults, with some limited exceptions, who seek benefits from the FoodShare program to participate in FSET unless they are already employed. The Governor's budget eliminates that requirement for able-bodied adults with dependents but retains the requirement for able-bodied adults without dependents.

FSET Pay-for-Performance: 2017 Wisconsin Act 266 requires DHS to create and implement a payment system based on performance for entities that perform administrative functions for the

FoodShare employment and training program. Act 266 specified performance outcomes on which the pay-for-performance system must be based. The Governor's budget eliminates the requirement for DHS to create a pay-for-performance system for FSET vendors.

FoodShare Paternity and Child Support Compliance: The Governor's budget eliminates all of the ineligibility provisions in FoodShare for failing to comply with paternity and child support requirements in 2017 Wisconsin Act 59.

Medicaid Waivers: The Governor's budget repeals the portion of 2017 Wisconsin Act 370 that requires legislation be enacted in order for DHS to submit a request for a waiver or renewal, modification, withdrawal, suspension, or termination of a waiver of federal law or rules or for authorization to implement a pilot program or demonstration project. The Governor's budget also eliminates the legislative review procedure for requests for waivers, pilot programs, or demonstration projects required by Act 370.

Medicaid Community Health Benefit: The Governor's budget creates a Medicaid community health benefit that invests \$45 million for non-medical services to reduce and prevent health disparities that result from economic and social determinants of health. Services include but are not limited to housing referral services, stress management, and nutritional counseling. DHS is required to seek any necessary state plan amendment or request any waiver of federal Medicaid law to provide the benefit but is not required to provide the services as a Medical Assistance benefit if the federal Department of Health and Human Services does not provide federal financial participation for the services.

Income Maintenance Administration Allocation: The Governor's budget provides no increase in the income maintenance administration allocation.

FoodShare Employment and Training: The Governor's budget reduces funding for the FoodShare Employment and Training program to reflect changes in work requirements.

Medicaid Dental Access: The Governor's budget:

- Increases Medicaid reimbursement rates for dental providers who provide services to Medicaid and BadgerCare Plus patients to increase access to dental services under the Medical Assistance program.
- Ends the dental reimbursement pilot project.
- Creates a dental therapist training program.
- Increases the maximum award under the rural provider loan payment program.
- Increases expenditure authority for the Seal-A-Smile program.
- Increases funding for low-income dental clinics to expand services and deliver better access.

- Increases payments to dental providers that serve Medicaid recipients with physical and intellectual disabilities (\$2,000,000 AF in FY20 and \$3,000,000 AF in FY21).

Childhood Lead Poisoning: The Governor's budget:

- Increases blood lead testing.
- Creates a health service initiative to provide funding to abate lead hazards in homes where Children's Health Insurance Program (CHIP) participants reside (this initiative will receive federal funds at the enhanced FMAP rate).
- Provides a grant for lead abatement in non-CHIP eligible homes (\$1 million GPR).
- Provides 1.14 FTE positions to administer the health service initiative.
- Expands Birth to 3 services to children that are lead poisoned. Eligibility criteria will be lowered from a blood lead level of 10 mcg/dL to 5 mcg/dL to allow more children to receive services. The Governor also recommends utilizing surplus Community Options Program high-cost funds to provide a funding increase to the Birth-to-3 program (\$1.55 million in FY20 and \$7,600,000 in FY21).

These initiatives are funded with \$24,996,000 in FY20 and \$27,158,700 in FY21.

Children's Long-Term Care: The Governor's budget provides additional funding to eliminate the waiting list for the Children's Long-Term Support program. Base funding for the program was \$81.4 million in FY19. The budget increases that amount to \$117.3 million in FY20 and \$119.9 million in FY21. As of July 2018, there were 2,054 children on a waiting list for services. The Governor's budget requires DHS to ensure that any eligible child who applies for the disabled children's long-term support waiver program receives services under that program.

The Governor's budget recommends streamlining the intake, application, and screening functions for children's long-term care programs by implementing a statewide contract to administer all Katie Beckett Medicaid screens and all initial screens for the CLTS program and the Children's Community Options Program.

As part of a statewide contract, the governor recommends providing for children's services navigators (five) and children's disability resource specialists (two) to help direct families towards available community resources, programs, and services. The Governor also recommends providing for children's disability ombudsmen (two) to provide advocacy services for children with long-term support needs (\$2.1 million in FY20 and \$2.4 million in FY21).

Mental Health Services:

Crisis Intervention Services: Currently, mental health crisis intervention services are a benefit provided by the Medical Assistance program. Current law specifies that for a county that becomes certified as a Medical Assistance provider, the county pays the nonfederal share of the

Medical Assistance reimbursement and DHS reimburses the county for the federal share of the Medical Assistance reimbursement.

The Governor's budget changes the name of the services to "crisis intervention services" and specifies that those services are for the treatment of mental illness, intellectual disability, substance abuse, and dementia. The budget also specifies that for a county that elects to deliver crisis intervention services under MA on a regional basis, DHS reimburses the service provider both the federal and nonfederal share of the allowable charges for the amount that exceeds a required annual county contribution. After January 1, 2020, the required annual county contribution is equal to 75 percent of the county's expenditures for crisis intervention services in CY17, as determined by DHS.

Crisis Stabilization Facilities: The Governor's budget creates a new grant program to establish five regional crisis stabilization facilities. These facilities are designed to help individuals in crisis and reduce involuntary commitments at state-run institutions. DHS will establish the grant criteria.

Definition of Crisis: The Governor's budget expands the definition of crisis to include substance abuse and dementia-related crises.

Crisis Program Enhancement Grant: The Governor's budget requires DHS to award grants each fiscal biennium to counties or regions comprising multiple counties to establish or *enhance* crisis programs to serve individuals having crises in rural areas. The budget changes the terminology of "mobile crisis teams" to "crisis program enhancement." The total amount of grants awarded remains at \$250,000 in each fiscal biennium.

The Governor's budget funds these mental health initiatives with \$9,210,100 in FY20 and \$30,547,900 in FY21.

Mental Health Consultation Program: The Governor's budget requires DHS to convene a statewide group of interested persons, in partnership with the Medical College of Wisconsin, to develop a concept paper, business plan, and standards for a comprehensive mental health consultation program that incorporates general, geriatric, and addiction psychiatry, a perinatal psychiatry consultation program, and the child psychiatry consultation program, which operates under current law (\$66,700 GPR in FY20).

Definition of Telehealth: The Governor's budget expands the definition of "telehealth" for the purposes of reimbursement of mental health services provided through telehealth under the Medical Assistance program. Currently, the definition of "telehealth" includes only real-time communications between individuals and health care providers. The Governor's budget includes in the definition real-time communications between providers and, in circumstances determined

by DHS, asynchronous transmissions of digital images or data between providers, known as store-and-forward technology.

Mental Health Services Under BadgerCare Plus: The Governor's budget recommends increasing noninstitutional rates for physicians and medical clinics that provide mental health, behavioral health, and psychiatric services. The \$69 million investment will provide more services for Medicaid recipients who seek mental health and behavioral health care.

Peer Run Respite Centers for Veterans: The Governor's budget fully funds the peer run respite center for veterans. The facility will provide peer support services and hospital diversion services at no cost to veterans struggling with a mental health or substance abuse disorder.

Youth Crisis Stabilization Facility: The Governor's budget fully funds a youth crisis stabilization facility. The facility will provide residential mental health services to children whose needs are greater than what is available in their community but not severe enough to warrant commitment to an institution.

Substance Use Disorder: The Governor's budget provides \$898,800 in FY21 to develop a Hub-and-Spoke treatment model utilizing the Medicaid Home Health Benefit to provide care coordination for individuals at three opioid treatment centers across the state. The Governor's budget allows methadone as an appropriate treatment at these clinics. The Hub-and-Spoke model relies on regional hubs to support an individual's initial treatment and spokes to provide maintenance treatment in local communities. DHS plans to pilot the model in two urban communities and one rural community.

Healthy Women, Healthy Babies Initiative: The Governor's budget:

- Increases funding for the Women's Health Block Grant by \$193,600 GPR.
- Eliminates the current law requirement that DHS apply for federal Title X grant funds and to distribute any funds to public entities for family planning and related preventive health services.
- Retains the authorization for public entities that receive funding under Title V from DHS to provide some or all of the funding to other public or private entities, but eliminates the restriction (entities cannot provide abortion services, make referrals for abortion services, or have an affiliate that provides abortion services or makes referrals for abortion services) on which public or private entities may receive those funds.
- Allocates 5.0 FTE positions to create an Infant Mortality Prevention Program to address disparities in birth outcomes in our state.
- Expands postpartum eligibility for women in the Medicaid program up to 300 percent of the FPL from 60 days to 12 months by providing \$22,988,000 in FY21 (requires a Medicaid waiver).

- Provides an additional \$1,012,500 TANF in FY20 and \$2,175,000 TANF in FY21 to expand home visiting to support expecting mothers and mothers with infants and small children.
- Requires DHS to request any necessary federal approval to allow MA reimbursement for doula services.
- Requires DHS to award in FY20 grants totaling \$192,000 to public or private entities, American Indian tribes or tribal organizations, or community-based organizations for community-based doulas. The recipients must use the grants to identify and train local community workers to mentor pregnant women.

WIC: The Governor's budget makes several changes to the Supplemental Nutrition Program for Women, Infants, and Children:

- Allows DHS to identify an alternate participant, who is someone authorized by a WIC program participant to request benefits and otherwise participate in the WIC program, as the WIC program cardholder for purposes of electronic administration.
- Adds to the criteria to be an authorized vendor or authorized distribution center that the vendor or distribution center has an electronic benefit transfer-capable cash register system or payment device that meets the criteria specified in the budget.
- Specifies that, except for certain mobile stores specially authorized in accordance with federal law, each store is a separate vendor, must have a single, fixed location, and must be separately authorized under the WIC program.
- Adds to the activities prohibited under the WIC program related to trafficking.
- Incorporates infant formula suppliers into the types of entities for which DHS must promulgate rules regarding standards for authorization.
- Adds civil monetary penalty, warning letter, and implementation of a corrective action plan to the list of consequences for violating a rule promulgated by DHS relating to the WIC program.
- Specifies that information about an applicant for, participant in, or vendor in the WIC program is confidential and then specifies who may access that confidential information and for what purpose.
- Makes some additional changes to the language of the WIC program statutes.

Tobacco Cessation: The Governor's budget provides an additional \$3.3 million GPR annually for tobacco cessation activities:

- \$2,300,000 for the Wisconsin Tobacco Quit Line
- \$500,000 in the Wisconsin Nicotine Integration Project
- \$500,000 to improve outreach and cessation resources for individuals with adverse childhood experiences

Healthy Aging Programs: The Governor's budget requires DHS to award in each fiscal year a \$250,000 GPR grant to an entity that conducts healthy aging programs (falls prevention and chronic disease management).

Dementia Care Specialists: The Governor's budget provides \$2.8 million annually to expand the dementia care specialists program to all aging and disability resource centers in the state. That equates to 27 positions for non-tribal ADRCs and 3 tribal positions.

Nursing Home Rate Increases: The Governor's budget provides \$8.7 million in FY20 and \$17.8 million in FY21 for a 2.5 percent general rate increase for nursing homes with a 1.5 percent increase targeted to direct care workforce and 1.0 percent for acuity.

Workforce Shortages: The Governor's budget:

- Provides \$14.8 million in each year to increase the direct care and services portion of the capitation rates DHS provides to long-term care managed care organizations in recognition of the direct caregiver workforce challenges facing the state.
- Provides \$3.3 million in FY20 and \$13.4 million in FY21 to fund rate increases for personal care direct care services (1.5 percent increase year over year).

Assisted Living Reporting and Fees: The Governor's budget requires certain assisted living facilities, specifically adult day centers, community-based residential facilities, and residential care apartment complexes, to submit biennial reports to DHS through an online system prescribed by DHS.

Department of Children and Families (DCF)

Children and Family Aids: The Governor's budget increases funding for Children and Family Aids by \$15 million GPR beginning in CY20, as well as funding the costs related to the 2.5 percent foster care rate increase included in the 2017-19 biennial budget. The budget increases the maximum amount DCF must distribute to counties for these services to \$78,708,100 in FY20 and \$90,478,400 in FY21.

Child Support: The Governor's budget increases funding for county child support agencies by \$750,000 GPR in FY20 and \$1,500,000 in FY21.

Birth Cost Recovery: The Governor's budget eliminates the requirement that a court include in a judgment or order relating to paternity an order for a father to pay for a portion of pregnancy and birth expenses. The budget also eliminates orders relating to pregnancy and birth expenses, and expressly prohibits the state from seeking recovery of birth expenses.

Child Support Custodial Parent Fee: The Governor's budget changes the annual fee collected from every individual receiving child support or family support payments from \$25 to \$35 in order to conform to applicable federal law.

Children First: The Governor's budget provides \$1,140,000 TANF in each fiscal year to increase the capitated payment from \$400 to \$800 in the Children First program to ensure noncustodial parents who are in arrears in meeting their child support are receiving adequate services to help them meet their child support obligations.

Foster Care Rate Increase: The Governor's budget provides \$258,300 GPR/FED in FY20 and \$777,900 GPR/FED in FY21 for a 2 percent increase in foster care rates in each calendar year (2% increase in CY20 and an additional 2% in CY21).

Kinship Care Rate Increase: The Governor's budget provides \$247,200 TANF in FY20 and \$770,500 TANF in FY21 for a 2 percent increase in kinship care rates.

Driver's Licenses for Foster Care Youth: The Governor's budget requires DCF to establish or contract for a driver education program for individuals who are 15 years of age or older and in out-of-home care. The budget requires the program to provide assistance with identifying and enrolling in an appropriate driver education course, obtaining an operator's license, and obtaining motor vehicle liability insurance. The budget authorizes DCF to pay, for any individual in the program, any fees required to enroll in a driver education course or to obtain an operator's license and the cost of motor vehicle liability insurance on the vehicle owned or used by the individual during the program and after the individual obtains an operator's license. The program is allocated \$89,700 GPR in FY20 and \$289,200 GPR in FY21.

Runaway and Homeless Youth Shelters: The Governor's budget increases funding for runaway and homeless youth shelters by \$250,000 GPR in each fiscal year to expand services in rural areas.

Family First Prevention Services: The Governor's budget makes changes to child welfare laws to allow foster care payments to be made on behalf of a child who is placed with his or her parent in a licensed family-based residential alcohol or drug abuse treatment facility under a voluntary agreement or under an order of the court assigned to exercise jurisdiction under the Children's Code in order to claim federal funding under Title IV-E of the federal Social Security Act. The Governor's budget requires DCF to prepare a permanency plan for such a child, and allows DCF to place the child with the parent at the treatment program under a voluntary agreement or by an order of the juvenile court if the parent consents and if such a placement is recommended by the permanency plan. If the child is placed with his or her parent under such a voluntary agreement or an order of the juvenile court, the budget authorizes DCF to provide foster care funding for the placement.

Background Checks for Congregate Care Workers: The Governor's budget requires a licensing entity to perform a fingerprint-based background check for all workers at a congregate care facility, as required under federal law. The budget defines a congregate care facility to be a group home, shelter care facility, or residential care center for children and youth.

Juvenile Justice

17-Year-Olds: The Governor's budget reverts jurisdiction of 17-year-old offenders from adult court to juvenile court for acts committed on or after January 1, 2021 and provides sum sufficient funding to Wisconsin counties to cover eligible costs associated with returning these youth to the juvenile justice system. The sum-sufficient appropriation will start with a base of \$5 million GPR in FY21 and will be used to reimburse counties for the increased costs associated with raising the age. Expenses eligible for reimbursement will be determined by the Department of Children and Families in consultation with representatives of the counties. The change applies to violations under the criminal code, as well as violations of civil law or municipal ordinances.

Lincoln Hills/Copper Lake: The Governor's budget removes the January 1, 2021 closure date for Lincoln Hills/Copper Lake and commits to transferring youth out of the facilities as soon as a Type 1 or SRCCCY facility that meets the needs of the youth is available. The intention is to close Lincoln Hills as soon as it is possible to ensure a safe and appropriate placement for all youth. The date change also applies to the construction of SRCCCYs.

The Governor's budget includes funding for building up to three new Type 1 facilities at a total cost of \$115 million.

SRCCCYs: The Governor's budget provides \$100 million for SRCCCY grants to counties and allows counties to apply for Youth Aids for start-up costs.

The Governor's budget changes the deadline for counties to submit SRCCCY grants from March 31, 2019 to July 1, 2019 and changes the date that the Juvenile Corrections Grant Committee must submit SRCCCY recommendations to JCF from July 1, 2019 to October 1, 2019. The budget also allows counties to submit grants prior to the deadline and allows the committee to forward early applicants to the JCF prior to the deadline under 14-day passive review to ensure that counties that are ready to move forward are able to do so without delay.

The budget also requires legislative minority representation on the Juvenile Corrections Grant Committee – one member appointed from each house of the legislature. Appointments from each house by the majority party drops from three members under current law to two members.

The Governor's budget provides \$3.5 million GPR in FY21 to reimburse one-time start-up costs for counties that create SRCCCYs. Expenses eligible for reimbursement will be determined by the Department of Children and Families in consultation with representatives of the counties.

MJTC: The Governor's budget increases treatment capacity and improves mental health treatment services to juveniles who need services by providing 50.5 FTE positions and \$3.1 million in FY21 for a 14-bed expansion at the Mendota Juvenile Treatment Center.

Under the Governor's budget a court may place a juvenile under the supervision of a county at MJTC only if DHS approves. In addition, only the Mendota Mental Health Institute director or his or her designee may make decisions regarding the admission of juveniles to and the treatment of juveniles at MJTC and the release and return of juveniles to the appropriate state or county facility. Juveniles placed in MJTC remain under the supervision of the county, and DHS may directly charge the county a rate that DHS sets for care provided to juveniles at MJTC.

The Governor's budget eliminates JCF approval of the MJTC expansion included in 2017 Wisconsin Act 185. Under Act 185, DHS is required to construct an expansion of MJTC to accommodate no fewer than 29 additional juveniles, subject to the approval of the JCF.

Youth Aids: The Governor's budget proposes nonstatutory language directing the Department of Children and Families and counties to examine potential modifications to the overall youth aids formula.

The Governor's budget appropriates to DCF a sum sufficient for youth-aids related purposes but only to reimburse counties, beginning on January 1, 2021, for costs associated with juveniles who were alleged to have violated a state or federal criminal law or any civil law or municipal ordinance at age 17. The Governor's budget also provides funding and requires DCF to reimburse counties for one-time start-up costs incurred for youth aids-related purposes in establishing, alone or jointly with one or more counties, a secured residential care center for children and youth. The Governor's budget requires DCF to consult with county representatives to determine those expenses that are eligible for reimbursement.

Youth aids funding amounts under the budget are \$45,572,100 for the last six months of 2019; \$91,150,200 for 2020; and \$45,578,100 for the first six months of 2021.

Youth Justice System: The Governor's budget recommends adding an additional position and increasing expenditure authority to provide training, performance monitoring, data collection and analysis to set standards of practice for the youth justice system.

JCI Rates: The Governor's budget increases the daily rates for placements at Lincoln

Hills/Copper Lake: \$501 FY20

\$513 July 1, 2020 to December 2020

\$588 January 1, 2021 – June 30, 2021

Other

Homelessness: The Governor's budget increases funding for the following homeless prevention programs:

- \$500,000 GPR in each year for the Homelessness Prevention Program and \$300,000 GPR in each year for the creation of a new diversion program.
- \$500,000 GPR in each year for the State Shelter Subsidy Grant.
- \$900,000 GPR in each year for the Housing Assistance Program.
- \$500,000 TANF in each year for the Homeless Case Management Services Grant.
- \$250,000 GPR in each year for the Skills Enhancement Grant at DCF.
- \$500,000 GPR in each year to create a new Housing Quality Standards grant.
- \$300,000 GPR in each year to create a grant for housing navigation.

The Governor's budget repurposes funding from the Employment Services Grant program to support 1.0 FTE position within DOA's Division of Energy, Housing and Community Resources to support the expanded programs and convert 1.0 federal FTE position to program revenue service funded with TANF.

Elderly and Disabled Transportation Aids: The Governor's budget increases elderly and disabled transportation aids by \$6 million over the biennium (\$3 million in each year of the budget).

Special Education Funding: The Governor's budget increases the amount DPI pays to school boards, cooperative educational services agencies, county children with disabilities education boards, and operators of independent charter schools for costs incurred to provide special education and related services to a child with a disability that exceeds \$30,000 in one school year from 90 percent of the costs that exceed \$30,000 to 100 percent of the costs that exceed \$30,000 (additional special education aid). Under current law, if the amount appropriated for additional special education aid is insufficient to pay the full amount to the eligible entities, DPI must prorate payments among all eligible entities. The Governor's budget converts the appropriation for the aid to a sum sufficient, eliminating the need to prorate aid due to an insufficient appropriation.

JUDICIAL AND PUBLIC SAFETY

Decriminalization of Marijuana: The Governor's budget recommends the decriminalization of marijuana in amounts of 25 grams or fewer. Further, the Governor recommends creating an

expungement process for those convicted of possessing, manufacturing, or distributing less than 25 grams of marijuana and have completed their sentence or probation. Finally, the Governor is recommending a process be established for individuals to petition for the dismissal of their conviction for small amounts of marijuana.

The Governor's budget retains current law for distributing or delivering any amount of marijuana to a minor who is no more than 17 years old by a person who is at least three years older than the minor. The Governor's budget would also limit local governments ability to enact ordinances prohibiting only the possession of more than 25 grams of marijuana.

State Public Defender: The Governor's budget recommends that the private bar rate be increased to \$70 per hour (currently rate is set statutorily at \$40 per hour) by January 1, 2020 by providing \$8.6 million in FY20 and \$16.6 million in FY21. The Governor's budget does not provide any additional funds to counties to offset the Supreme Court Rule to increase the county court appointed attorney rate from \$70 per hour to \$100 per hour starting January 1, 2020.

Treatment Alternatives and Diversion (TAD) Program Expansion: The Governor's budget provides \$1 million in both years of the biennium as a one-time increase for TAD. Of the \$1 million, \$500,000 would be used for expansion of existing programs and the other \$500,000 for new programs.

Opening Avenues to Reentry Success (OARS): The Governor's budget provides one position and expenditure authority for the expansion of the OARS program. OARS is currently available in 44 counties and supports the prison to community transition of inmates living with a serious and persistent mental illness who are medium-to-high-risk of reoffending.

Dispatcher Assisted Cardiopulmonary Resuscitation (CPR): The Governor's budget provides additional monies to support the ongoing cost of the Dispatcher Assisted CPR program established in 2017 Wisconsin Act 296.

Office of Emergency Communications: The Governor's budget recommends transferring the Interoperability Council, the Wisconsin Interoperable System for Communications program, the 9-1-1 Subcommittee, the Next Generation 9-1-1 program, the public safety broadband program and the land mobile radio program to the Department of Transportation from the Department of Military Affairs. The 2017-19 state budget moved the aforementioned programs from multiple state departments to be housed under one department, the Department of Military Affairs within the Office of Emergency Communications.

District Attorneys: The Governor's budget recommends 19.6 new assistant district attorney positions, as well as funding and position authority to increase part-time assistant district attorney positions to full-time (6.90 positions). The Governor's budget also recommends one-

time funding (\$307,300 in FY20 and \$918,000 in FY21) for pay progression for assistant district attorneys and deputy district attorneys.

TAXATION AND FINANCE

Shared Revenue: The Governor's budget increases funding for the County and Municipal Aid Program (shared revenue) by 2 percent starting in 2020.

Levy Limits: The Governor's budget modifies the current levy limit program by allowing county property tax levies to increase by the greater of the percentage change in equalized value due to net new constructions or 2 percent beginning with levies set in 2019.

Levy Limits – Covered Services: The Governor's budget eliminates the requirement that local governments make a negative levy adjustment based on fees generated from certain municipal services.

Levy Limits – Transit Services: The Governor's budget creates a levy limit exemption for cross-municipality transit routes where the counties and municipalities meet a number of criteria. The criteria includes that the counties and municipalities claiming the exclusion must be adjacent, must have entered an intergovernmental cooperation agreement to provide new or enhanced transit services across county boundaries, and that each participating county or municipality must pass a referendum approving the agreement.

Dark Stores / Property Assessments: The Governor's budget amends assessment practices by incorporating the statutory language from last legislative session's dark store and *Walgreens v. City of Madison* reversal legislation (2017 Assembly Bills 386 and 387).

Property Tax Transparency: The Governor's budget requires local property tax bills to include information containing the gross reduction in state aid as a result of private school choice programs.

Property Tax Credits: The Governor's budget repeals the school levy tax credit and the first dollar credit. The Governor's budget converts the school levy and first dollar credits into general equalization aids to schools beginning in fiscal year 2021.

General Fund Transfer: The Governor's budget repeals the 0.25 percent general fund tax transfer to the transportation fund.

Homestead Tax Credit: The Governor's budget restores indexing for the Homestead Credit beginning in tax year 2020.

Tax Incremental Financing (TIF): The Governor's budget limits the percentage of a TIF district's project costs that can go toward cash grants for developers to 20 percent. The Governor's budget also requires TIF project plans to contain "stress tests" in their financial projections so that local governments better understand the risks of TIF utilization.

Sales and Use Tax: The Governor's budget includes language explicitly requiring internet marketplace providers to collect and remit sales and use tax on taxable sales that they facilitate on their websites on behalf of third parties.

Sales Tax Exemptions: The Governor's budget eliminates the sales tax exemptions for the sale of live game birds and clay pigeons and eliminates the sales tax exemption for the sale of farm-raised deer.

Real Estate Transfer Fee Exemption: The Governor's budget modifies two current law exemptions to the real estate transfer fee. The first change clarifies that the exemption for transfers from a subsidiary corporation to its parent corporation does not apply in cases where a noncorporate entity owns a majority of shares in the corporation. The second change would modify the exemption to transfers for the purposes of providing security for debt or other obligations to specify that the exemption does not apply to conveyances between different owners.

TRANSPORTATION AND PUBLIC WORKS

Segregated Transportation Fund: The Governor's budget funds the state's infrastructure with approximately \$6.6 billion, up from \$6.1 billion in the current biennium. New transportation revenues are generated by an eight-cent increase in the gas tax (\$485 million), elimination of the minimum markup on motor fuel, an increase in the heavy vehicle registration fee (\$36 million), an increase in the title fee (\$36 million) and by a proposed activation of the hybrid vehicle surcharge fee (\$9.7 million). In total, the increase in revenue for the Segregated Transportation Fund is approximately \$566 million in the biennium. The budget also reinstates indexing of the gas tax rate to the consumer price index.

Transportation Project Requirements: The Governor's budget repeals requirements passed in the 2018 Extraordinary Session requiring that any project with federal dollars in the Majors, Southeast Mega and Highway Rehabilitation Programs to be composed at least 70 percent federal dollars. The Governor's budget proposal also repeals language passed in the 2018 Extraordinary Session requiring the Wisconsin Department of Transportation (WisDOT) to notify a political subdivision receiving aid for local project whether the aid includes federal monies and how that money must be spent. Finally, the Governor's budget repeals 2018 Extraordinary Session language stating that WisDOT may not require political subdivisions to

comply with any portion of the agency's Facility Development Manual, other than requirements related to design standards.

General Transportation Aids: The Governor's budget increases county general transportation aids (GTA) from \$111,093,800 in the 2017-19 budget cycle to \$122,203,200 by calendar year 2020.

Routine Maintenance Agreements: The Governor's budget maintains funding and preserves recent increases for Routine Maintenance of the State Trunk Highway System (STH) performed by counties.

General Transit Aids: The Governor's budget increases annual funding for General Transit Aids by 10 percent or \$11,073,800 by the second year of the biennium: Mass Transit Systems with operating expenses of:

- Greater than \$80,000,000: Funding is increased in the second year of the biennium from \$64,193,900 to \$70,613,300
- Between \$20,000,000 and \$80,000,000: Funding is increased from \$16,868,000 to \$18,554,800
- Less than \$20,000,000 and a serving population of at least 50,000: Funding is increased from \$24,486,700 to \$26,935,400.
- Mass Transit Systems serving an area with a population of less than 50,000: Funding is increased from \$5,188,900 to \$5,707,800.

Transit Capital Assistance: The Governor's budget establishes a Transit Capital Assistance Program to aid in the replacement of buses for eligible applicants. A total of \$10 million is allocated in the second year of the biennium to establish the program.

Paratransit Aids: The Governor's budget increases funding for Paratransit Aids by 10 percent or by \$275,000 in FY 2020 and again in FY 2021. This is a total funding increase of \$550,000 over the biennium.

Local Bridge Improvement Assistance: The Governor's budget maintains level funding for the Local Bridge Improvement Program, resulting in \$22.9 million in both years of the biennium.

Local Road Improvement Program (LRIP): The Governor's budget increases the funding for the Local Road Improvement Program (LRIP) by 4 percent in the 2019-21 biennium. A total of \$1,288,000 will be added to the overall program. Funding for the county component of LRIP, the

County Highway Improvement Program (CHIP), (Discretionary Program funding) will be \$5,569,400 in FY 2020 and \$5,688,400 in FY 2021.

Majors Projects: The Governor's budget provides \$558 million in total funding for the Major Highway Development Program in the 2019-21 biennium. The total funding level for the program was \$669 million in the 2017-19 biennium. This is a funding decrease for the program of approximately \$111 million.

Southeast Mega Projects Program: The Governor's budget increases funding for the Southeast Mega Projects Program from \$122 million in the 2017-19 biennium to \$332 million in the program. This is a proposed funding increase of approximately \$210 million for the upcoming budget cycle.

State Highway Rehabilitation Funding: The Governor's budget provides an increase in the program from approximately \$1.7 billion in 2017-19 to \$1.9 billion. This is a funding increase of approximately \$176 million over the previous budget cycle.

Seniors and Individuals with Disabilities Specialized Transportation Aids: The Governor's budget increases funding for the program by \$3 million in each year of the biennium. This amounts to a \$6 million, or approximately 24% increase, in funding in the 2019-21 biennium.

Passenger Rail Bonding: The Governor's budget provides \$45,000,000 in general fund supported general obligation bonding for passenger rail improvements for travel between Milwaukee and Chicago. The Governor's budget also earmarks track or rail passenger station improvements related to an Amtrak service extension route, or the establishment of commuter rail service, between the City of Milwaukee and Waukesha County.

Harbor Assistance Program: The Governor's budget increases funding for the Harbor Assistance Program by \$13,200,000 in FY20. In addition, the Governor's budget recommends giving priority to municipalities in which a shipbuilder in the state is conducting operations. Finally, the Governor's budget recommends providing \$39,000,000 in transportation fund-supported general obligation bonding for the program.

Freight Rail Preservation Program: The Governor's budget provides \$30,000,000 in transportation fund supported general obligation bonding for the freight rail preservation program.

Volkswagen Settlement: The Governor's budget allocates 60 percent of the remaining \$25 million in Volkswagen emissions settlement funds to be dedicated to the replacement of public transit vehicles and 40 percent towards electric vehicle charging stations. Additionally, the budget modifies current law by reducing the percentage of the total grant award returned to the

state through a shared revenue reduction by the Milwaukee County and city of Madison public transit systems from 75 to 20 percent.

Railroad Crossing and Repair: The Governor's budget increases funding for railroad crossing and repair by \$465,000 in each year of the biennium to address a backlog of projects. The total funding increase for the program in the 2019-21 biennium is \$930,000.

Next Generation Air Traffic Control Systems: The Governor's budget increases state funding by \$1 million in each year of the biennium to aid local airports in the conversion to Next Generation Air Traffic Control System.

Project Labor Agreements (PLA): The Governor's budget restores a local unit of government's ability to require that a bidder enter into a Project Labor Agreement (PLA).

State Prevailing Wage Requirements: The Governor's budget restores Prevailing Wage requirements for projects using state dollars.

Local Government Use of Eminent Domain Authority for Bicycle and Pedestrian Facilities: The Governor's budget restores the ability of local governments to use eminent domain authority for the installation of bike and pedestrian paths.