

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Date: July 11, 2011

To: Chairman Lee Holloway, Milwaukee County Board of Supervisors
Supervisor James "Luigi" Schmitt, Chair, Committee on Intergovernmental Relations
Supervisor Johnny Thomas, Chair, Committee on Finance and Audit

From: Intergovernmental Relations and Department of Administrative Services

Re: Update on 2011-2013 budget

CC: Milwaukee County Board of Supervisors

Wisconsin Legislature Sends the 2011-2013 State Budget to the Governor

Since the November 2010 election, Intergovernmental Relations has worked with the Board of Supervisors and the Administration to articulate the legislative priorities of residents as reflected by local policymakers and later identified in the adopted Milwaukee County legislative package for the 2011-2012 legislative session.

- On Friday, June 3, 2011, the Joint Committee on Finance approved, on a partisan 12-4 vote, the passage of the 2011-2013 budget as modified by Assembly Substitute Amendment 1 (ASA 1) to Assembly Bill 40.
- On the morning of Thursday, June 16, 2011, the Wisconsin State Assembly, with all Republicans and one independent by a 60-38 vote, approved sending to the Wisconsin State Senate the 2011-2013 budget, as modified by Assembly Amendment 1 to ASA 1 and Assembly Amendment 1 to Assembly 1 to ASA 1. These modifications included changes to Act 10 and additional budget modifications proposed by the Assembly.
- On the night of Thursday, June 16, 2011, a partisan vote of 19-14, the Wisconsin State Senate concurred with the recommendations of the Assembly on the 2011-2013 budget without modification.
- On the afternoon of Sunday, June 26, 2011, Governor Walker signed Assembly Bill 40 into law (2011 Wisconsin Act 32) while issuing 50 vetoes. Among other items, these gubernatorial vetoes addressed court operations and property tax limitations.

The Joint Committee on Finance deviated from the Governor's position on a few matters, like SeniorCare and recycling. However, the majority party preserved the major tenets of the Governor's proposed budget, including many recommended 10% reductions. Below is a cursory summary of highlighted legislative changes to the Governor's 2011-2013 proposed budget that would affect the operations of Milwaukee County from a policy or fiscal perspective.

Key Legislative Modifications to the 2011-2013 Budget

Milwaukee County Circuit Court

For years, Milwaukee County has borne a disproportionate burden of funding the Wisconsin Court System on the property tax. Therefore, it is disappointing that the Legislature maintained the Governor's proposed 10% cuts to Wisconsin Counties for Circuit Court Support payments.

Milwaukee County TAD Program

- In a more positive courts-related development, the Senate Co-Chair of the Joint Committee on Finance included a provision in the 2011-2013 budget that would provide \$333,900 in fiscal year 2011-2012 for the Milwaukee County Treatment, Alternatives, and Diversion (TAD) Program. This funding would be provided as a grant, for which Milwaukee County would have to provide a 25% match. As introduced, Governor Walker's budget did not provide any funding to the Milwaukee County TAD Program. Intergovernmental Relations worked with the Milwaukee County Chief Judge to secure continued funding for the Milwaukee County TAD Program.

The Milwaukee County Clerk of Circuit Court sent a June 17, 2011, letter to Governor Walker requesting vetoes of two budget provisions added by the Joint Committee on Finance: a doubling of the small claims jurisdictional threshold and the return of bail bondsmen to Wisconsin. 2011 Wisconsin Act 32 retains the small claims measure, but Governor Walker vetoed the provision relating to bail bondsmen.

The People's Court

- In a wrap-up motion adopted by the Joint Committee on Finance, the majority party included a budget provision doubling the small claims jurisdictional threshold from \$5,000 to \$10,000. Intergovernmental Relations asked that this measure be pulled from the budget, so the proposal could go through the normal legislative process. The author of a similar legislative proposal, Assembly Bill 106, made a similar request.

Stewardship Funds for County Dams

The Joint Committee on Finance modified the Governor's recommendations for the Stewardship Program by also requiring the Department of Natural Resources (DNR) to set aside not less than \$6 million from the land acquisition subprogram for dam safety grants. DNR could award these grants to a county-owned dam under an agency order for maintenance, repair, modification, abandonment or removal as of the effective date of the bill. Grants could cover up to 25% of eligible project costs, with a maximum grant of \$2.5 million. According to the Legislative Fiscal Bureau, at least two Wisconsin Counties have dams under DNR order, Milwaukee County (1) Vernon County (5).

Shared Revenue and Property Tax Limitations

On the day the State Assembly was scheduled to take final action on the biennial budget, the Wisconsin Supreme Court ruled that the Legislature had not violated the open meetings law when passing the budget adjustment bill; thus, the collective bargaining restrictions in Act 10 were upheld. These provisions went into effect on June 29, 2011. The following is an analysis of the overall fiscal effect of the 2011-2013 budget to Milwaukee County, including possible savings achievable through the publication of Act 10.

County and Municipal Aid Payments

- The Joint Committee on Finance added \$19.25 million in 2012-13 to limit the Governor's proposed reduction to county and municipal aid. Under the legislative proposal, shared revenue payments to counties would be reduced by \$29.1 million instead of by \$36.5 million as recommended by the Governor.
- Under the Committee's prescribed allocation, Milwaukee County would receive no offsetting aid; thus, Milwaukee County's shared revenue reduction next year is estimated at \$8.3 million. In comparison, Racine County picked up roughly 10% (\$783,164) from the \$7.4 million boost provided by the Committee.
- Under the legislative proposal, shared revenue payments to municipalities would be reduced by \$47.7 million instead of by \$59.5 million as recommended by the Governor.
- The following municipalities in Milwaukee County would receive a portion of this supplemental aid: Bayside (\$20,100); Brown Deer (\$59,652); Fox Point (\$29,990); Greendale (\$81,032); Hales Corners (\$34,882); River Hills (\$2,900); Shorewood (\$78,082); Whitefish Bay (\$58,692); Franklin (\$178,452); Glendale (\$84,603); Greenfield (\$368,192); Oak Creek (\$363,906); and Wauwatosa (\$289,866).
- Under the prescribed allocation, the following municipalities in Milwaukee County would receive no offsetting revenue from this supplemental aid: West Milwaukee; Cudahy; Milwaukee; Saint Francis; South Milwaukee; and West Allis.

Levy Limits for Counties and Municipalities

- Under the Governor's original proposal, property tax increases would be limited to the rate of new construction growth. In 2010, the new construction rate in Milwaukee County was less than 1.0%.
- In addition, under the Governor's proposal, any decrease in debt service on general obligation debt issued prior to 2005 must result in a corresponding decrease in the property tax levy. In other words, the Governor's budget would require lower debt service costs to be used to lower the tax levy, rather than to offset expenses in the operating budget. Based on this formula, it was estimated that Milwaukee County's 2012 property tax increase would be limited to less than \$2.0 million.
- The Joint Committee on Finance only slightly loosened the proposed limits. Per the Committee's modifications, in addition to the net new construction amount, local governments could increase the levy equal to the difference between the prior year allowable levy and the prior year actual levy, but no more than 0.5% (one-half of one percent) if approved by a super-majority of the legislative body. Per conversations with the Wisconsin Department of Revenue (DOR), should the County choose to utilize this provision, it would still be required to reduce its tax levy by the decrease in debt service on general obligation debt issued prior to 2005. A three-quarters vote (15 of 19) of the Milwaukee County Board of Supervisors would be necessary to authorize this additional adjustment in 2012. Because the County anticipates a reduction in debt service of approximately \$8.0 million for bonds issued prior to 2005, this modification provides no additional allowable property tax levy for the County than the Governor's proposal.

- As an alternative to the super-majority option and available only for the 2012 budget year, a county may waive the provision requiring it to decrease its allowable levy in that year by an amount equal to the decrease from the prior year to the current year in the amount of debt service issued before July 1, 2005. In this scenario, the County is not allowed the additional 0.5% in property tax levy. Because the additional 0.5% in allowable tax levy does not exceed the reduction in debt service for general obligation bonds issued prior to 2005, the County receives the maximum allowable property tax levy under this alternative. Per conversations with the Wisconsin DOR, under this scenario, the County would have property tax levy capacity of \$9.8 million or 3.6 percent for 2012. Wisconsin DOR does not distribute its tax levy formula until August, at which time, these estimates could change.
- The Joint Committee on Finance also made the levy limits permanent by deleting the sunset provision. However, the minimum guaranteed allowable increase would be modified upward to 1.5% from the 0% proposed by the Governor beginning with the 2014 Budget.
- Through veto, the Governor removed the provision allowing a minimum guaranteed increase of 1.5% in 2014. Therefore, in 2013 and beyond the County will be limited to allowable tax levy increases of 0% or net new construction.

Milwaukee County Department of Health and Human Services: IM Services

With the introduction of the 2011-2013 budget, the Governor proposed a centralization of Income Maintenance (IM) programs in Wisconsin. Per 2009 Wisconsin Act 15, 271.5 Milwaukee County full-time employees already perform IM activities under state supervision. It was unclear whether these positions would be eliminated as part of the proposed centralization initiative or if they would be converted to a combination of state and county positions.

- An amendment adopted by the Joint Committee on Finance directs the Department of Health Service (DHS) to replace these Milwaukee County positions with state positions.
- On June 10, 2011, Milwaukee County Board Chairman Holloway sent a follow-up letter to the DHS Secretary noting that, *“the state needs to commit to making Milwaukee County whole for any actuarially determined unfunded pension liability cost for county employees who are transferred from the Employee’s Retirement System to the Wisconsin Retirement System.”* The ongoing legacy costs associated with these employees is estimated at \$4.9 million in the 2012 budget. The correspondence also seeks additional clarification about how the transition will progress.
- The DHS is required to communicate with Milwaukee County regarding issues relating to the transfer of Milwaukee County employees to the state within 30 days of enactment of the bill, and to submit to the Joint Committee on Finance information regarding this issue within 60 days of enactment of the bill.
- The current law provisions that require the Department of Health Services (DHS) and Milwaukee County to initiate discussions regarding which entity should operate IM in the future after the dismissal of the West litigation are repealed.
- Beginning in Calendar Year 2012, Milwaukee County’s basic county allocation under the community aids program will be reduced by \$2.7 million annually, and the current

statutory provision requiring Milwaukee County to commit \$2.7 million in property tax levy to the administration of IM will be repealed.

Mass Transit, Family Care, Child Support and Juvenile Justice

As part of their participation in the Wisconsin Counties Association (WCA) County Ambassador Program (CAP), several Supervisors made legislative visits in the State Capitol. They met with members of the Milwaukee County State Legislative Delegation and legislative leadership. Milwaukee County Supervisors and Administrators also presented testimony to the Joint Committee on Finance at the public hearing in West Allis.

During legislative deliberations on the 2011-2013 state budget, Intergovernmental Relations followed-up with key offices and stakeholders reinforcing the message that Milwaukee County made in the CAP visits and with public testimony: reverse the cuts to mass transit; lift the Family Care enrollment cap; fix the child support deficit; and provide additional placement options for juveniles with the closure of Ethan Allen. The following points summarize legislative improvements to the Governor's original recommendations and provide a preliminary analysis of the potential effect of the proposals that remain unchanged.

Mass Transit

The Joint Committee on Finance made several modifications to the Governor's original budget proposals for transit, but left in place the 10% cut in state operating assistance.

- Per the recommendation of the Joint Committee on Finance, the Legislature rejected the Governor's proposal to fund mass transit from the general fund. As a result, the 2011-2013 budget keeps mass transit in the Transportation fund and finances it with segregated revenues.
- Per the recommendation of the Joint Committee on Finance, the Legislature approved the provision of an additional \$2.5 million in each year of the biennium for paratransit service. No cuts to paratransit funding were recommended in the Governor's original budget recommendations.

This supplemental funding is available to transit systems that are eligible for state mass transit operating assistance. Under this budget provision, the Department of Transportation is required to distribute funding in a manner that maximizes the level of paratransit service provided by these systems and must give priority to eligible applicants for maintaining paratransit service that existed on the bill's effective date. Given these new parameters, further research is needed to determine the actual fiscal effect.

- Per the recommendation of the Joint Committee on Finance, the Legislature voted to disband the Southeastern Regional Transit Authority (SERTA). Originally, the Joint Committee on Finance voted to distribute SERTA's assets, estimated at close to \$1.3 million, *equally* among the three county region. In a wrap-up motion, the Joint Committee on Finance modified the original division and shifted additional dollars to Milwaukee County. Therefore, 50% of SERTA's assets (about \$635,000) will be distributed to Milwaukee County under the Legislature's version of the budget. The remainder will be split between the counties of Racine and Kenosha.

- While the Legislature did provide additional funding for paratransit, it maintained the 10% reduction in state transit operating assistance. Therefore, the Milwaukee County Transit System (MCTS) anticipates a \$7 million cut in state transit operating assistance next year. The Southeastern Wisconsin Regional Planning Commission has projected that a 10% cut to MCTS would result in an 8% service reduction or a 29% fare increase.
- On another transportation-related manner, the restoration of General Transportation Aids (GTA) was one of the primary lobbying objectives of the Wisconsin Counties Association. The Governor's budget originally recommended a 10% reduction in 2012, down from the 2011 aid level of \$104,416,800 to \$93,975,100 in 2012. Under the Governor's proposed budget distribution, it was projected that Milwaukee County's 2012 GTA payment would be reduced by 15% or \$641,851.
- With Motion #352, the Joint Committee on Finance voted to approve additional funding in county aid to minimize this cut to a 1.73% reduction, setting the assistance level at \$102,615,600 in 2012. Subsequent action of the Assembly, in large part, reversed this boost by cutting county aid by \$10 million and reducing it to \$94,615,600 for 2012.
- In a June 27, 2011, memo, the Legislative Fiscal Bureau estimates that Milwaukee County's 2012 GTA payment will be reduced by 10% or \$427,901 per the provisions of AB 40.

Family Care

The DHS still must reduce Medical Assistance by approximately \$500 million. DHS has broad authority to make these reductions, including through policy that could conflict with state law. The budget bill would repeal Act 10 provisions requiring that DHS policy changes in conflict with state law be made through the rule-making process, which includes public notice and hearings. It is still unclear how DHS plans to achieve this reduction and how Milwaukee County revenues could be affected. In 2010, total Milwaukee County Department of Health and Human Services Medicaid revenue was approximately \$44 million. Additionally, the Legislature approved the Governor's proposed enrollment cap in Family Care with minimal modification.

- A freeze on Family Care enrollment likely will result in increased Medical Assistance expenditures for costly nursing home care. The average cost of a nursing home is \$4,387 a month. In comparison, the Milwaukee County Department of Family Care receives a capitation payment of \$2,814 a month to manage long-term care services.
- The Joint Committee on Finance provided \$12.6 million a year to serve persons on waiting lists if the DHS determines that an individual is in urgent need of long-term care services. It is estimated this funding could be used to remove about 400 people from the waiting list statewide. In a June 30, 2011, memo, the DHS issued a preliminary memo clarifying the temporary use of this urgent funding.
- Milwaukee County Board Chairman Holloway sent a June 20, 2011, letter to Governor Walker asking him to veto a legislative budget amendment that would prohibit Family Care Care Management Organizations (CMO) from including in their contracts with providers any provision that that would require providers to return funding in excess of the cost of service to the CMO. Since 2002, the Milwaukee County Department of Family Care has recovered over \$1.7 million in overpayments from providers. In turn,

these dollars were returned to the Medicaid program. The provision is retained in 2011 Wisconsin Act 32.

- In his letter, the Chairman again raised concerns with the Family Care enrollment cap, which went into effect on July 1, 2011. Under the enrollment cap, Milwaukee County would be unable to enroll new applicants into the program unless there is a disenrollment.
- Under the enrollment cap, elderly in Milwaukee County will be placed on a waiting list for the first time in more than a decade. The Milwaukee County Aging Resource Center indicates the initial waiting list for people age 60 or older will be about 400-500 individuals.
- Additionally, the 2,000 persons with disabilities who already are on a waiting list for service would remain in need.
- The efforts of the office of the Senate Health Committee Chair were instrumental in preventing the adoption of a motion by the Joint Committee on Finance that could have cost the Milwaukee County Department of Family Care millions by requiring that case management services be counted as administrative costs.

Juvenile Justice Reform

The Legislature approved the Governor's recommendations to reduce funding by 10% for the Youth Aids Program, retaining estimated cuts to Milwaukee County of \$1.8 million in 2011 and the \$3.6 million in 2012.

- The Legislature further approved the closure of the two juvenile correctional institutions closest to Milwaukee County, Ethan Allen School in Waukesha County and Southern Oaks Girls School in Racine County. Lincoln Hills, the other juvenile correctional facility, is about a 7 ½ hour round-trip car drive from Milwaukee County.
- Intergovernmental Relations worked closely with the Administrator of the Milwaukee County Delinquency and Court Services Division and Racine County to secure legislation giving Milwaukee County the statutory authority to extend from 30 to 180 days the placement of adjudicated delinquents at a juvenile detention facility.
- As the author of the Milwaukee County resolution advocating this legislative change, Chairman Holloway sent a June 20, 2011, letter to Governor Walker asking him to support the provision. Intergovernmental Relations coordinated similar efforts for support with Racine County and the legislator from Racine who advanced this measure. Governor Walker signed this measure into law.
- Under the biennial budget, the statutory daily rates the Department of Corrections charges Wisconsin Counties for juvenile institutional care at Lincoln Hills will increase from \$275 to \$284 in 2011 and to \$289 in 2012. A portion of this increase will be used to address the Department's juvenile correctional services deficit.

Child Support

The budget passed by the Legislature does not remedy the shortfall in funding for local administration of child support enforcement activities. As introduced, the Governor's budget

presented the Milwaukee County Office of Child Support with a \$3.6 million deficit in 2012. The Department of Child Support Enforcement (CSE) projected a loss of 38 positions would accompany a shortfall of this magnitude.

- As a result, the Milwaukee County Department of CSE estimates that 1,680 children would not have paternity established and 2,513 people would not have support orders in place. An estimated \$18 million in child support collections would be lost, with about 24,000 families receiving no support whatsoever.
- With the adoption of Motion #50, authored by the Co-Chairs, the Joint Committee on Finance directed the Department of Children and Families (DCF) to develop a plan to distribute child support incentive payments in a manner that puts Milwaukee County at a disadvantage when compared with other Wisconsin Counties.
- A modification adopted by the Assembly slightly improves Motion #50, by making the factors the DCF must consider in developing the allocation permissive instead of prescriptive.
- The Governor vetoed a provision of Motion #50 that would have prohibited the DCF from implementing these cuts on an across-the-board basis. The full effect of a new distribution method is still unknown.
- Intergovernmental Relations will continue to work with the Director of CSE to see if improvements can be made through state administrative action or, possibly, the Joint Committee on Finance process.

Budget Repair Bill

The Governor utilized the Budget Repair Bill to provide local governments with increased flexibility as it relates to employee non-base wages and benefits in order to offset the reductions included in his budget. The County's 2011 Adopted Budget includes over \$19.4 million in non-base wage and benefit modifications. This figure does not include savings from concessions included in the 2010 budget that have already been achieved through negotiation or applied to non-represented staff. In addition to the publication of 2011 Wisconsin Act 10, which became effective June 29, 2011, additional changes were made to collective bargaining through the State budget. These additional changes include:

- The design and selection of health care coverage plans for public safety employees is no longer a subject of bargaining.
- New public safety employees hired on or after the effective date of 2011 Act 32 (the State 2011-2013 Biennial Budget) are subject to the requirement that they pay the same amounts toward their pensions as general occupation employees as specified under the Budget Repair Bill.
- The pension contribution for Milwaukee County employees will begin prospectively effective with the pay period beginning July 24, 2011.

- The calculation of eligible wage increases under the Consumer Price Index (CPI) has been modified such that the Department of Revenue would calculate the average annual CPI for local bargaining units and that this calculation only applies to base wages of represented staff to provide uniformity across the state. The Department of Revenue will calculate the CPI upon a request from the WERC. The CPI calculation will be based on the 12 months preceding the date of the request from the WERC. If there is a decrease or no change in the CPI, the base pay of employees in the collective bargaining agreement is frozen.
- For those collective bargaining agreements that have expired or are operating under an extension, the union certification vote as originally outlined under Act 10 must now occur in the third month after the effective date of State biennial budget. The WERC is now required to assess and collect a certification fee for each election that is conducted.

Consequently, it would be possible for the County to achieve the \$19.4 million in budgeted savings even without achieving certain budgeted provisions pertaining to wage and benefit modifications for the Deputy Sheriffs and Firefighters. These provisions pertain to changes to the multiplier, retirement age, pension contribution, step freezes, and overtime changes for the Deputy Sheriffs and Firefighters and would save at least an additional \$2.0 million.

Based on provisions in the 2010 and 2011 Adopted Budgets, the following savings budgeted in 2011 will be achievable in 2012 both due to negotiated provisions in the Nurses contract and the implementation of Budget Repair Bill and State budget. Although the full savings budgeted for Deputy Sheriffs and Firefighters will not be achieved, additional savings through an increased pension contribution will partially offset those costs.

Table 1¹

2010 Health Care Plan Design Implementation - Active Employees	\$	1,308,800
2011 Health Care Plan Design Implementation - Retirees	\$	6,371,938
Overtime Changes	\$	1,406,385
Pension Multiplier Change from 2.0 to 1.6	\$	2,034,900
Step Freeze (Represented Employees)	\$	820,550
4.7 percent Pension Contribution	\$	<u>9,053,000</u>
Total Savings Possible	\$	20,995,573

As shown in Table 2 below, if the County applies the savings associated with the non-base wage and benefit changes included in the 2011 Budget and achievable by the Budget Repair Bill and State budget, it could offset all but \$4.0 million of the state aid reductions.² Had the

¹ These amounts are the amounts budgeted in the 2011 Adopted Budget with the exception of the 4.7 percent pension contribution. The pension contribution amount is based on the fiscal note for the State Mandated Employee Pension Contribution - Ordinance Change report referred to the County Board in a separate memo.

² This amount assumes that the County will apply the 2011 Health Care Plan Design changes to all represented staff with the exception of the deputy sheriffs and firefighters for an additional savings of \$3,690,936.

Repair Bill implemented the same provisions for employees represented by public safety bargaining units as well, it could have cut the deficit of \$4.0 million by approximately one-half.

Since \$17.4 million of these savings were used to balance the 2010 and 2011 budgets, they are unavailable to offset the state reductions and the County will instead face a \$21.4 million reduction in 2012.

Table 2

	Initial Report <i>Year 2012</i>	Current Report <i>Year 2012</i>
Total Reductions in State Aid	\$ (25,711,878)	\$ (28,715,991)
Total Wage and Benefit Savings	\$ 23,644,747	\$ 24,686,509
<i>Surplus/(Deficit)</i>	\$ (2,067,130)	\$ (4,029,482)
Budgeted Wage and Benefit Savings	\$ 16,286,497	\$ 17,420,317
<i>TOTAL 2012 Impact</i>	\$ (18,353,627)	\$ (21,449,799)

Table 2 includes the following changes from the initial report:

- Estimated pension contribution. The County had previously estimated a 6 percent contribution would be necessary; this was based on an initial calculation of one-half of the annual required contribution (ARC). The actual percentage will be presented to the Board under a separate action item, but for this report, the assumption has dropped from a 6 percent contribution to a 4.7 percent contribution.
- Reductions in state aid associated with legacy costs for County employees in the Milwaukee Enrollment Services (MiLES) program for income maintenance. Although the County will seek reimbursement for these costs, the loss is currently estimated at \$4.9 million.
- Savings related to health care plan design changes for deputy sheriffs and firefighters. Due to the modification of the Budget Repair Bill, the County will be allowed to implement health care plan design changes to active and retired deputy sheriffs and firefighters.

Recommendation

This is an informational report only.

Cc: Chris Abele, County Executive
 George Aldrich, Chief of Staff, County Executive
 Terry Cooley, Chief of Staff, County Board
 Steve Cady, Fiscal and Budget Analyst, County Board
 Jerry Heer, County Auditor

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
BHD	Community Recovery Services	\$ -	\$ -	<p>Governor/Joint Finance: Permit counties to use GPR funding DHS currently distributes for several community-based support services (community support services, community-based psychosocial services, and mental health crisis intervention services) to also fund the required state match for MA-eligible community recovery services. Base GPR funding for community based support services is \$4,175,000 GPR annually. The bill would provide a total of \$3,757,500 GPR annually for community-based support services programs, including community recovery services, to reflect the Governor's recommendations to reduce most GPR appropriations by 10% (-\$417,500) annually.</p> <p><i>*County currently receives no funding through this program so there is no budget impact at this time.</i></p>
BHD	Supplemental Payments to Nursing Homes	\$ -	\$ -	<p>Governor: Included \$37,920,600 annually to fund these supplemental payments. DHS provides these supplemental payments in addition to the daily rates each of these facilities receive. Joint Finance: Provide \$1,179,400 annually so that \$39.1 million (all funds) would be budgeted for supplemental payments to municipal nursing homes annually.</p>
BHD	Mental Health and Alcohol and Substance Abuse	\$ (980,244)	\$ (1,217,123)	<p>Governor/Joint Finance: Reduce funding by \$7,007,900 annually to reduce base funding for non-staff costs by 10% in most of the Department's GPR and PR appropriations. Includes 10% reduction in any GPR funded allocation (COP, IMD, TANF). 5% in 2011; 10% in 2012.</p>
Child Support	Base funding		\$ (3,664,779)	<p>Governor/Joint Finance: DCF submitted a budget with a base GPR allocation of \$4.25M instead of \$8.5 M as originally passed into law. Governor did not fix base budget and local child support administrations subject to a 50% GPR loss and corresponding federal match revenue.</p>
Courts	Circuit Court Support	\$ (366,336)	\$ (366,336)	<p>Governor/Joint Finance: Reduction statewide from 18,552,200 to 16,697,000</p>
Courts	Guardian Ad Litem	\$ (98,000)	\$ (98,000)	<p>Governor/Joint Finance: Reduction statewide from 4,691,100 to 4,222,000</p>
Courts	Cost of Circuit Court	\$ -	\$ -	<p>Governor/Joint Finance: Convert the 1.0 auditor position from a project position to a permanent position, and provide \$47,300 in 2011-12 and \$71,500 in 2012-13. The position was created under 2007 Act 20 to create a uniform chart of accounts program for county court costs and revenues. Continuation of the auditor position is intended to allow counties to be audited on a regular basis, to provide assistance to counties in streamlining reporting, and to ensure the completeness and accuracy of statewide county by county financial data related to operation of the circuit courts. Removal of the project position is included under the Supreme Court's standard budget adjustments, removal of non continuing items.</p>
Courts	AIM Grant Funding		\$ (495,000)	<p>Assess, Inform and Measure (AIM) grant funding was provided through American Recovery and Reinvestment Act (ARRA) funding. This funding is no longer available and there was no action taken to appropriate funds for this purpose.</p>

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
Courts	TAD Contribution Requirement		\$ (120,775)	Governor: Provide an additional \$110,000 annually in justice information system surcharge funding to provide additional resources for the treatment, alternatives, and diversion (TAD) grant program. The TAD PR annual appropriation is also subject to a \$70,500 annual budget reduction associated with a 10% reduction to supplies and other non-personnel costs. The reduction would be applied to supplies and services funding. As a result, the TAD program would see a net increase of \$39,500 annually from \$705,000 to \$744,500. Further, provide that any county receiving a grant under the TAD program on or after January 1, 2012, must provide matching funds equal to 25% of the amount of the grant. Joint Finance: Provide \$333,900 PR annually in additional funding for TAD grants. For 2011-12, provide this funding as a grant to Milwaukee County for its TAD program. A 25% match requirement would also apply to the receipt of this grant funding by Milwaukee County. Beginning in 2012-13, this TAD grant would also be subject to the competitive grant process.
Courts	People's Courts			Joint Finance: Increase the jurisdictional amount for small claims actions from \$5,000 or less to \$10,000 or less, except for third party complaints, personal injury claims, or tort claims, which would remain at the current jurisdictional amount. The provisions would first apply to actions commenced on the effective date of the bill. *The County retains \$30 for large claims and \$10.20 for small claims. Courts will monitor the impact over the next several months to determine what the fiscal impact will be.
Courts	Court Interpreter Funding	\$ -	\$ -	Governor/Joint Finance: Create a program revenue appropriation and provide \$134,000 in 2011-12 and \$232,700 in 2012-13 for state reimbursement to counties for court interpreter services, as follows: (a) \$57,300 in 2011-12 and \$117,000 in 2012-13 for projected increased caseload; and (b) \$76,700 in 2011-12 and \$115,700 in 2012-13 for projected increased use of certified court interpreters. Funding for the new appropriation would come from revenue from the justice information system surcharge. Under current law, the state reimburses counties for actual expenses for interpreters used in circuit court proceedings from a GPR appropriation. Base funding for court interpreter reimbursement is \$1,433,500 GPR. This bill creates an additional PR appropriation for court interpreter reimbursement. Governor/Joint Finance: Reduce funding for court interpreter services by 10% or (\$143,400) annually.
District Attorney	Milwaukee County Clerks Funding	\$ (22,800)	\$ (12,800)	Governor/Joint Finance: Make the following changes to the salary and fringe benefits funding 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: (a) provide \$9,900 in 2011-12, and \$19,900 in 2012-13, to fully fund the salary and fringe benefits costs associated with these positions; and (b) reduce funding by \$32,700 annually associated with a 10% reduction in amounts provided to fund their salary and fringe benefits costs.
District Attorney	Victim Witness Funding	\$ (70,000.00)	\$ (138,000)	Governor/Joint Finance: Reduce funding by \$891,800 GPR and \$1,805,100 PR annually associated with a 10% reduction to supplies and other non-personnel costs. Includes a 10% reduction to Victim Witness Funding estimated at (\$140,800) statewide.

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
DHHS	Medical Assistance	\$ -	\$ -	Governor/Joint Finance: \$500M in unspecified Medical Assistance reductions has the potential to impact BHD, DHHS and Family Care
DHHS	Income Maintenance	\$ -	\$ (4,900,000)	Governor: Transfer administration of income maintenance programs, including eligibility determination for Medicaid and FoodShare, from counties and tribes to the state. This consolidation will improve the accuracy and timeliness of eligibility determinations, while reducing total income maintenance costs by \$48 million per year and decreasing the number of overall staff in the program by an estimated 270 FTE positions. Joint Finance: <i>Modify Governor's budget so that all Milwaukee County employees currently employed in IM will be replaced with State employees. Milwaukee County will likely be responsible for legacy costs related to these positions. Also modified so that individuals hired by the state who have not yet vested in the Milwaukee County ERS will be allowed to stay in the ERS until vested.</i>
DHHS	WIMCR	\$ -	\$ -	Governor/Joint Finance: Reduce funding to reflect a change in the process for claiming federal Medicaid funding under the Wisconsin Medicaid Cost Reporting program: -Reduce funding by \$1,685,200 in 2011-12 and increase funding by \$14,369,600 in 2012-13 to reflect the projected net fiscal effect of changes to the Wisconsin Medicaid Cost Reporting (WIMCR) program.
DHHS	GAMP Payment	\$ -	\$ -	Appears to maintain Repair Bill language so that the County does NOT have to make a \$6.8M payment
DHHS	Basic Community Aids	\$ -	\$ -	Joint Finance: <i>Repeal statutory provisions, effective January 1, 2012, which currently require Milwaukee County to expend at least \$2,700,000 annually for the operation of IM programs in the county. Beginning in calendar year 2012, reduce Milwaukee County's basic county allocation (BCA) under the community aids program by \$2,700,000 annually.</i>
DHHS	Children's Long Term Support	\$ -	\$ -	Governor/Joint Finance: Counties will remain responsible for all costs of locally-funded waiver slots, including TPA fees, created after January 1, 2011. For slots created before January 1, 2011, counties will remain responsible for provider costs, but the state will fund the TPA fees, since counties did not budget for this cost when they initially created these locally funded slots.
DHHS	Youth Aids	\$ (1,790,064)	\$ (3,580,092)	Governor/Joint Finance: Reduce community youth and family aids (youth aids) funding by \$9,834,100 annually associated with a 10% reduction to supplies and other nonpersonnel costs. Revise the calendar year allocations of youth aids to reflect adjusted distributions for the 2011-13 biennium, as follows: (a) \$45,478,000 from the last six months of 2011; (b) \$90,956,100 for 2012; and (c) \$45,478,000 for the first six months of 2013. <i>*For Milwaukee County, the amount of revenue due to loss of youth aids is offset by the decrease in the juvenile correction population. The potential loss based on an increase in the population would be \$1,790,064 in 2011 and \$3,580,092 in 2012.</i>
DHHS	Closure of Juvenile Corrections Facilities	\$ -	\$ -	Governor/Joint Finance: The Department of Corrections has been unable to reduce operating expenses at juvenile correctional facilities enough to accommodate lower populations, resulting in an increasing deficit. To better manage funds and control escalation of the rates charged to counties who place juveniles in institutions, the Department will close Ethan Allen School in Waukesha County and move the juveniles to Lincoln Hills School in Lincoln County. To further maximize savings, the Department of Corrections will close Southern Oaks Girls School in Racine County and transfer the female juveniles to Copper Lake School in Lincoln Hills.
DHHS	Juvenile Detention	\$ -	\$ -	Joint Finance: <i>Modify s. 938.34(3)(f) to allow a placement at a juvenile detention facility, a juvenile portion of a county jail, or a place of non-secure custody designated by the court for any combination of single or consecutive days from 30 days to 180 days</i>

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
DHHS	JCI Rates	\$ 15,000	\$ 30,000	Governor: Under current law, daily rates for juvenile care in a given biennium are specified in statute by fiscal year for juvenile detention facilities, state aftercare supervision, and for each type of alternate care setting, including residential care centers for children and youth, group homes, treatment foster homes, and foster homes. Joint Finance: Specify that the \$17 add-on to the daily rates for juvenile facilities be added to statutory rates in future budgets until the deficit is eliminated 7/1/11 = \$284.00 (fifty cents below DHHS 2011 ADOP) JCI 7/1/12 = \$289.00 (\$1.00 below DHHS 2011 ADOP)
DHHS	Family Care - Aging and Disability Resource Centers	\$ -	\$ -	Governor/Joint Finance: Provide funding to fully fund ADRCs that began offering services in the 2009-11 biennium for which partial year funding is provided in the agency's base budget.
DHHS	Birth to Three	\$ -	\$ -	Governor/Joint Finance: Counties will remain responsible for all costs of locally-funded waiver slots, including TPA fees, created after January 1, 2011. For slots created before January 1, 2011, counties will remain responsible for provider costs, but the state will fund the TPA fees, since counties did not budget for this cost when they initially created these locally funded slots.
DTPW	Highways Capital Funding	\$ -	\$ -	Governor/Joint Finance: (a) Create a new program for funding Southeast Wisconsin freeways megaprojects; (b) defining a Southeast Wisconsin freeways megaproject as any highway project on a Southeast Wisconsin freeway with total costs of more than \$500 million, and indexing this threshold amount to construction inflation; (c) enumerating the Zoo Interchange project and the I-94 North-South Corridor project as megaprojects; and (d) providing a total of \$420 million for the two projects over the biennium, including \$151.2 million in general obligation bonding authority. This funding will allow the department to accelerate work on the Zoo Interchange and continue work on the I-94 North-South Corridor.
DTPW	General Transportation Aids	\$ -	\$ (427,901)	Governor: Adjusting expenditure authority for general transportation aids to reflect: (a) the 3 percent calendar year 2011 increase authorized in 2009 Wisconsin Act 28; (b) a 10 percent reduction in calendar year 2012; and (c) no increase in calendar year 2013. Changes to the general transportation aids distribution formula: (a) reduce the rate per mile amount for municipalities by 3 percent to \$2,053; and (b) set the maximum reduction in aid from the prior calendar at 15%. Joint Finance: Modified the Governor's recommendation by doing the following: (a) restoring the 2011 mileage aid rate of \$2,117 per mile for 2012 and thereafter; (b) increasing the proposed minimum aid guarantee from 85% to 90% of the prior year payment
DTPW	Transit Operating Aids	\$ -	\$ (6,858,300)	Governor/Joint Finance: Adjust expenditure authority for transit operating aids to reflect: (a) the 3 percent calendar year 2011 increase authorized in 2009 Wisconsin Act 28; (b) a 10 percent reduction in calendar year 2012; and (c) no increase in calendar year 2013.
DTPW	Transit Operating Fund	\$ -	\$ -	Governor: Recommends changing the funding source for transit operating aids from the transportation fund to the general fund beginning in FY13. Joint Finance: Modify the Governor's budget to keep mass transit funding in the Transportation Fund.
DTPW	Paratransit	\$ -	\$ 1,450,000	Joint Finance: Recommends providing an additional \$2.5 million in each year of the biennium for the paratransit service. *Per the Wisconsin Legislative Fiscal Bureau, the County may receive \$1.45 million in funding for Paratransit.
DTPW	SERTA Assets	\$ 635,000	\$ -	Joint Finance: Repeal the Southeastern Regional Transit Authority (SERTA) and to distribute 50% of the SERTA assets to Milwaukee County. The remaining assets will be split between Racine and Kenosha. ** The date of actual receipt of SERTA funds is unknown at this time.

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
DTPW	Transit Capital Assistance	\$ -	\$ -	Governor/Joint Finance: Eliminates \$100 million in general obligation bonding authority for transit assistance in Southeastern Wisconsin.
DTPW	Highway Maintenance	\$ -	\$ -	Governor: Provide a 2 percent increase in each year for state highway maintenance. Joint Finance: Provide an additional \$15,000,000 annually for the program, to provide a total increase of \$18,923,300 in 2011-12 and \$22,824,500 in 2012-13. Assembly: Provide \$15,000,000 in the first year only.
Family Care	Nursing home rates	\$ -	\$ -	Governor/Joint Finance: Modify a provision that currently requires DHS to incorporate acuity measurements under the most recent "resource utilization groupings (RUGs) III" methodology to determine factors for case-mix adjustments, for the purpose of determining medical assistance (MA) payments to nursing homes as follows. First, substitute the current reference to "resource utilization groupings III" with "resource utilization groupings." Second, permit, rather than require, the system to incorporate acuity measurements under the most recent RUGs. This item would permit DHS to decide whether to incorporate the most recent RUGs methodology in setting MA nursing home rates.
Family Care	Cap on enrollment	\$ -	\$ -	Governor: Reduce funding by \$67,442,100 in 2011-12 and by \$223,361,500 in 2012-13 to reflect estimates of savings that would result by placing a cap on enrollment in Family Care and related programs in the 2011-13 biennium. Prohibit DHS from enrolling, in a county, more persons into the Family Care, Family Care Partnership, PACE, or IRIS program than the number of persons participating in each of those programs in that county on June 20, 2011, or the effective date of the provision, whichever is later. The enrollment cap would not apply after June 30, 2013. Joint Finance: Provide \$12,639,000 in 2011-12 and \$12,600,800 in 2012-13 to provide long-term care services and support items that are offered under the Family Care program to individuals who are on a waiting list for the Family Care, PACE, Family Care Partnership, or IRIS programs and who are in urgent need of long-term care services, as determined by DHS. (These funds would provide services to individuals on waitlists who are in urgent/emergency need of LTC services as determined by DHS, with funds made available on a temporary basis until services for the individual can be funded with the regular appropriations for Family Care, IRIS, Partnership or PACE.)
Family Care	Adult Family Home Certification	\$ -	\$ -	Governor/Joint Finance: Under an alternative process, each Family Care MCO would be responsible for initial and ongoing certification of one- and two-bed AFHs that serve its members. MCOs would be responsible for provider network development. In Family Care counties, counties would be responsible for certifying one to two bed AFHs that serve county-funded clients and homes serving SSI recipients.
Non Dept	Library Maintenance of Effort	\$ -	\$ -	Governor/Joint Finance: Repeal the current law requirements under the statutory standards to be met by public library systems, that each county maintain its support for public library services at a level not lower than the average of the previous three years. Eliminate related provisions governing the calculation of that three-year average for a city, village, town or school district that gains an exemption from the county tax under a separate section of the statutes. Delete the provision that requires DPI to adjust the three-year average in any year, as necessary, to reflect cost savings realized as a result of consolidation or sharing of library services, under certain conditions. Repeal the requirement that a library receive funding from its governing body not less than the average of the previous three years in order to retain membership in a public library system. Each county proposed to be included within a public library system would continue to be required, as under current law, to demonstrate to the satisfaction of DPI its ability to provide adequate funding for libraries in order to implement a plan for library services.

2012-13 State Budget Impacts

Department	Program	2011 impact	2012 Impact	Description
Parks	Repair of Dams	\$ -	\$ -	Governor/Joint Finance: Provide \$4 million for dam repair, reconstruction and removal projects, and would ensure greater program flexibility by removing the deadline for grant requests.
Parks	Repair of Dams	\$ -	\$ -	Joint Finance: Set aside not less than \$6 million for grants to a county-owned dam under an agency order for maintenance, repair, modification, abandonment or removal as of the effective date of this bill. Grants could cover up to 25% of eligible project costs, with a maximum grant of \$2.5 million. *There are 6 eligible dam projects, 1 of which is Estabrook Dam.
Revenue	State Shared Revenue	\$ -	\$ (8,316,885)	Governor: Reduce funding by \$96,000,000 in 2012-13 for making 2012 payments under the county and municipal aid program, a reduction of 11.6% relative to total 2011 payments. Specify that, of this amount, payments to municipalities (towns, villages, and cities) would be reduced by \$59,500,000 (an 8.8% reduction) and payments to counties would be reduced by \$36,500,000 (a 24.1% reduction). Specify that aid payments to individual counties and municipalities in 2013 and thereafter would be equal to the amount each county and municipality received in 2012. Joint Finance: Provide \$19,250,000 in 2012-13 for the program, to provide a net reduction of \$76,750,000. Specify that, of that amount, payments to municipalities would be reduced by \$47,663,400 and payments to counties would be reduced by \$29,086,600 (instead of \$59,500,000 and \$36,500,000, respectively, under the Governor's bill). Modify the percentage of 2011 aid component of the maximum reduction factor in the formula used to allocate proposed reductions to individual counties and municipalities, as follows: (a) reduce the percentage from 50% to 15% for cities with a population less than 110,000; and (b) reduce the percentage from 50% to 25% for cities with a population exceeding 110,000 and for all counties, towns, and villages.
Revenue	Property tax caps	\$ -	\$ -	The Governor proposed extending municipal and county levy limits by two years; allowing a levy increase limit by the greater of 0 percent or the increase in equalized value due to net new construction; removing the ability to carry forward of unused levy capacity; and making a negative debt service adjustment for debt issued prior to July 1, 2005, if debt service would be lower in the current year than in the prior year. JFC slightly modified the Governor's budget to allow a super-majority vote to allow an increase in the levy amount equal to the difference between the prior year allowable levy and the prior year actual levy, but not more than .5%. As an alternative to the super-majority vote, added a waiver in 2012 only to the provision requiring the negative debt service adjustment. JFC also made these caps permanent.
		Budget impact		
		\$ (3,312,444)	\$ (28,715,991)	